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Court Orders Reagan to Yield Diary Excerpts for Poindexter

By Ruth Marcus

WASHINGTON — A federal judge ruled Tuesday that former President Ronald Reagan must turn over excerpts from his personal diary to Rear Admiral John M. Poindexter for use as a former national security adviser's Iran-contra trial, scheduled to start next month.

Judge Harold H. Greene of the U.S. District Court said "the vast majority" of more than 100 Reagan diary entries he reviewed in camera "contain no information that is material to the issues in this case."

The retired admiral faces trial on five counts of lying to Congress and obstructing its inquiry into the Iran-contra affair.

But Judge Greene ordered Mr. Reagan to turn over by Monday copies of entries made on more than 29 dates in 1985 and 1986, saying they "contain information of significance" to Admiral Poindexter's defense.

The admiral has contended that President Reagan knew of and authorized his activities, and that he therefore believed they were legal and had no motive to conceal them from Congress.

The diaries could shed new light on any role of Mr. Reagan in the affair, and any possible role of

President George Bush, then vice president. The affair caused the worst crisis during the Reagan administration. The affair involved the sale of arms to Iran and the diversion of profits to U.S.-backed rebels in Nicaragua.

However, Judge Greene said, Mr. Reagan may refuse to supply the documents on the ground that they are shielded from disclosure by "executive privilege," a claim on which the judge has not yet ruled.

At that point, Judge Greene would give Mr. Reagan and the Justice Department, representing Mr. Bush, access to a sealed document filed by Admiral Poindexter explaining why he believes he needs the diary excerpts to conduct his defense. Then there would be a hearing on the issue.

If Mr. Reagan continues to refuse to release the excerpts, Judge Greene would then determine whether executive privilege applies. The documents might also be exempt from disclosure on national security grounds.

Mr. Reagan's lawyer, Theodore B. Olson, declined to comment Tuesday on whether the former president intended to assert executive privilege. Mr. Reagan had asked Judge Greene to quash Admiral Poindexter's subpoena.

The judge has not ruled on a

defense subpoena seeking to force Mr. Reagan to testify at the trial. No U.S. president has ever been required to take the witness stand in a criminal case.

Although investigators for the congressional Iran-contra committees and prosecutors working for the independent counsel, Lawrence Walsh, were allowed to see excerpts from the diaries, the excerpts have not been made public.

Admiral Poindexter's trial is scheduled to start Feb. 20, but it could be delayed by continued dispute over access to the diary excerpts. In addition, Judge Greene is still considering Admiral Poindexter's effort to have Mr. Reagan testify.

The excerpts were turned over to Judge Greene for inspection in response to Admiral Poindexter's subpoena outlining 67 categories of information relating to the case, including the arms sales to Iran, the diversion of the profits to the Nicaraguan rebels, and Reagan administration efforts to aid the Contras.

As outlined in Judge Greene's 16-page decision Tuesday, Mr. Reagan was ordered to turn over diary entries on the following:

• A report on a "successful" trip Admiral Poindexter took to Central

See DIARIES, Page 5

Might Gorbachev Quit Party Post?

International Herald Tribune

Cable News Network said Tuesday night that Mikhail S. Gorbachev was considering resigning as the leader of the Soviet Communist Party.

The report by the U.S.-based television network said that Mr. Gorbachev would retain his position as Soviet president. The possible resignation as party chief, according to CNN, would allow him to distance himself from the country's deepening economic and political crisis.

In a report from Moscow, CNN quoted a "well-informed and usually reliable Communist Party source" as saying that Mr. Gorbachev might "try to leave his closest ally, Alexander Yakovlev, in charge of the Communist Party while he follows popular pressure to remove the party from its monopoly control of political power."

Coinciding with the CNN report, the U.S. State Department said that Secretary of State James A.

Baker 3d had rescheduled talks in Moscow with the Soviet foreign minister, Eduard A. Shevardnadze, to accommodate a meeting of the Communist Party Central Committee.

Mr. Baker and Mr. Shevardnadze will now meet Feb. 8 and 9 in Moscow at the suggestion of the U.S. government, said the State Department spokeswoman, Margaret D. Tutwiler.

The Central Committee is to open a two-day plenum Monday to discuss the regional crises in the Soviet Union and consider political changes.

The report that Mr. Gorbachev was considering resigning as party leader could not be confirmed. The White House spokesman, Martin Fitzwater, said he had "no information" on the matter.

Mr. Baker called the report "just a rumor." "All I can tell you now," he said, "is that it's a

See PARTY, Page 5



ON PATROL IN AZERBAIJAN — Special KGB troops patrolling Tuesday outside Baku, the Azerbaijani capital. In Moscow, a senior Communist Party official accused Azerbaijani leaders of having not taken strong enough action to prevent nationalist riots. At least 197 people have been killed in the strife in January, 125 of them since the troops stormed into Baku on Jan. 20.

Soviets Appear To Ease Stand On 2 Germans

East Berlin, In Reversal, Backs Idea
Gorbachev Hints at Role For Europe

By Michael Dobbs

BERLIN — The embattled Communist leadership of East Germany, apparently in an effort to win voter support, reversed itself on Tuesday and endorsed for the first time the idea of eventual reunification with West Germany.

The Communist Party chairman, Gregor Gysi, in an interview published Tuesday, said German reunification was inevitable but that the process was moving too fast.

Mr. Gysi was asked by the Hamburg daily Bild if his party was against reunification.

"No, not at all," he replied. "This process cannot be stopped any more. But it is irresponsible to do things in such a way now as if it were possible tomorrow. What is

Berlin court rules Erich Honecker is too sick to be held. Page 5.

going on now seems to me to be too quick, too chaotic.

He added that "the people are only being given the choice between Hertz and Herten," two large West German department store chains, while East Germany's achievements were being denied.

In East Berlin, other Communist leaders said German unity must be made part of the process of overcoming Europe's overall divisions. Andre Brie, a leading ideologist for the party, said German unity "must not occur as fast as possible, but as slowly as is required."

He said there must be two German states for some time, to ensure European stability.

Mr. Gysi said that reunification was part of the European process and that conditions for reunification were improving because of developments in Eastern Europe.

"I am against a German Europe, but in favor of a European Germany," Bild quoted him as saying.

Mr. Gysi said Bonn should also try to help stop the exodus of East Germans, which he added was straining West Germany's social services. As many as 2,500 East Germans are leaving their country for West Germany every day.

Asked why the government did not call for a referendum on reunification, Mr. Gysi said the free elections on March 18 would provide an opportunity for East Germans to express their opinion on the issue.

Mr. Brie and Jochen Willerding, another party official, issued a statement in which the party, as part of its campaign for elections, called for a united, free and democratized Europe.

Mr. Willerding also said the party leadership would meet on Sunday and most likely change the party's name. Officially, it now is the Socialist Unity Party. He said the party would rename itself the Party of Democratic Socialism, after the example of the Polish and Hungarian parties that are trying to remodel themselves into social democratic organizations.

Mr. Gorbachev's remarks were the closest he has come to accepting the idea of reunification of the two German states. In the last few months, since the opening of the Berlin Wall in November, the Kremlin has subtly shifted its position from declaring that German reunification is not "on the international agenda" to recognizing that it is an issue that must be dealt with.

The plan outlined by Mr. Gorbachev for a stage-by-stage "confed-

MOSCOW — The Soviet president, Mikhail S. Gorbachev, appeared on Tuesday to soften the Kremlin's opposition to German reunification in talks with Prime Minister Hans Modrow of East Germany, while emphasizing that the issue should be solved jointly by East and West.

At a news conference after a day of talks with Soviet leaders, Mr. Modrow spoke of a "stage by stage" union of East and West Germany. He said that he had discussed the idea with Mr. Gorbachev and that the Soviet president had not ruled it out.

By suggesting that the Kremlin is not irreversibly opposed to German reunification, Mr. Gorbachev, who spoke with the Tass press agency just before talking with Mr. Modrow, appeared to be trying to influence the nature and pace of the process. His goal seemed to be to prevent a union consisting exclusively of German issues by involving other European countries, particularly the victors of World War II, in the forming of a new European framework.

The Soviet leader said recent events in the world, including the Soviet Union and East Germany, had underlined the need for "profound reflection" on the question of reunification, which he described "an important aspect of European and international politics."

A Tass statement after the talks said Mr. Gorbachev welcomed the changes taking place in East Germany, viewing them as part of the "decisive assertion of democratic, humanitarian values" in Eastern Europe.

But the Soviet leader warned of the "chaos of nihilism, dictat of the crowd, and attempts at social and ideological revenge," Tass said.

Earlier, before the start of the Kremlin talks, East German reporters pressed Mr. Gorbachev for his attitude to reunification, which has become a dominant political issue in East Germany. Tass quoted Mr. Gorbachev as saying that the question "was not unexpected," and adding, "No one casts any doubt upon it."

"Time itself is having an impact on the process and lends dynamism to it," he said. "It is essential to act responsibly and not seek the solution to this important issue on the street."

Mr. Gorbachev's remarks were the closest he has come to accepting the idea of reunification of the two German states. In the last few months, since the opening of the Berlin Wall in November, the Kremlin has subtly shifted its position from declaring that German reunification is not "on the international agenda" to recognizing that it is an issue that must be dealt with.

The plan outlined by Mr. Modrow for a stage-by-stage "confed-

See MOSCOW, Page 5

Kremlin Assails Plan to Raise SDI Funding as 'Out of Step'

By Don Oberdorfer

MOSCOW — The Soviet Union expressed strong objections Tuesday to President George Bush's budget proposal to increase spending on the Strategic Defense Initiative, calling it "out of step" with recent world events and suggesting that it could hamper the U.S.-Soviet agreement to move quickly toward a 50 percent cut in the two nations' offensive arsenals.

The sharp Soviet reaction, one of several objections to recent U.S. arms moves, was made public by the Soviet Foreign Ministry before the scheduled

Asians see the closing of four U.S. bases as a step toward a pullout. Page 3.

arrival here next week of Secretary of State James A. Baker 3d on a mission that includes an important element of arms-control negotiations.

When Mr. Bush and the Soviet president, Mikhail S. Gorbachev, met off Malta in December, they set their June summit meeting in the United States as the target date for reaching accord on all major issues standing in the way of 50 percent cuts in strategic offensive arms.

"Why in this light is it necessary to build up 'star wars'?" asked Vadim Pavlev, a ministry spokesman, referring to the space-based defenses against missiles proposed by President Ronald Reagan.

Union agreed last fall to proceed with completion of a treaty slashing strategic offensive arms even if no prior agreement were reached on the limits of SDI. But the Soviets also said they would feel free to abandon the long-range arms cuts if the United States violates what Moscow understands to be the space-defense limitations imposed by the 1972 Anti-Ballistic Missile Treaty.

Marshal Sergei F. Akhromeyev, for

See SDI, Page 5

Klosk

Senate Backs China Sanction

WASHINGTON (UPI) — The Senate unanimously approved limited economic sanctions against China on Tuesday because of Beijing's crackdown on the democracy movement in June and sent the legislation to President George Bush for his signature.

The White House accepted the sanctions because the bill allows the president to suspend them in the national interest or if he decides that China is making progress on political change. Mr. Bush had previously lifted some of the sanctions set out in the bill.

General News
 Lithuania has blocked the gates of KGB headquarters in Vilnius for a week. Page 2.

Crossword Page 8.

Down Close
 2,543.24
 10.14

The Dollar
 DM 1.686
 Pound 1.671
 Yen 145.00
 FF 6.7775

U.S. Rates Inch Higher, Raising Recession Fears

By Lawrence Malkin

International Herald Tribune

NEW YORK — Defying attempts by central banks to calm stunned bond buyers, U.S. interest rates climbed further on Tuesday before easing back late in the day.

The Federal Reserve Board chairman, Alan Greenspan, told Congress that interest rates were high because investors feared a surge in inflation.

In testimony before the Joint Economic Committee, he said international pressures also contributed to the rise in U.S. rates, that the slowdown in the economy was likely to be temporary and that it would pick up by summer.

A number of factors have pushed up long-term U.S. interest rates: rising rates in Japan and West Germany; forthcoming sales of billions of dollars in U.S. Treasury bonds that must carry high enough interest rates to be saleable to foreigners; wage inflation that refuses to fall and energy prices that have started to rise; and a stalled economy that still has not given the Fed enough confidence to resume last year's policy of cutting rates.

Against this background, the new governor of the Bank of Japan, Yasuhiro Mieno, announced that he

would visit U.S. financial leaders from Feb. 7 to 11.

The visit was described as a courtesy call for Mr. Mieno to introduce himself to Japan's most important financial partner. The visit had been scheduled for several weeks.

Specialists on Japanese markets, too, took the meeting at face value, saying the talks would be unable to achieve much decisive on the eve of Japanese elections, set for Feb. 18.

After Mr. Greenspan's testimony, the Bank of Japan warned companies that more overseas investment could cause friction. Page 9.

ny Tuesday, the yield on the benchmark U.S. Treasury bond went up 5 basis points. Yields have climbed roughly 30 basis points over the past month.

But underlying the nervousness of the market, rates dropped suddenly after rumors that Mikhail S. Gorbachev was considering resigning as head of the Soviet Communist Party prompted investors to rush for the safety of U.S. government securities.

"Everyone figured at the start of

See RATES, Page 14



POLICE GAS SOUTH AFRICA CHURCHMAN — The Reverend Allan A. Boesak of the World Alliance of Reformed Churches running through tear gas after the police lobbed canisters at 200 blacks protesting eviction from a squatter camp near Cape Town. Related article, Page 2.

At Hub of Ho Chi Minh Trail in Laos, Scars of War Endure

By Henry Kamm

TCHEPONE, Laos — This paltry cluster of small houses on stilts, a shabby clinic, a modest government office and a new covered market, was once the strategic center of the Ho Chi Minh Trail — or so U.S. and South Vietnamese military briefers used to recite during the war that ended in 1975.

Tchepone, in the foothills of the Annamite range, about 50 kilometers (30 miles) west of the border of the northeastern region of South Vietnam, was said to be the hub of a huge network of mountain and jungle paths by which North Vietnamese tried to hide the fact that it was making war in the south.

Violating the neutrality of Laos and Cambodia, North Vietnam channeled war material across the border, and from this village to anti-government fighters in Laos, South Vietnam and Cambodia.

In turn, the United States, also violating Laos neutrality, rained on Tchepone more bombs than it did on any major German industrial city in World War II. More than two million tons, greater than the U.S. total dropped on Germany, were dropped on Laos, on whose territory most of the Ho Chi Minh Trail ran.

Tchepone became to many U.S. and South Vietnamese military leaders what Moby Dick was to Captain Ahab — the object of an obsessive, destructive quest.

Today, new villages have been built by mountain tribesmen in the region of the legendary trail, and the old French colonial dirt-and-gravel highway running eastward from the Mekong River town of Savannakhet to the Vietnamese coastal road has been modernized and paved with asphalt by the Soviet Union and Vietnam.

Bomb craters along the roadside have largely silted over and are covered by the rich growth of the tropical flatlands; only faint traces of war remain visible from the rapidly deteriorating new road.

Most noticeable is the progressive sparseness of trees, a result of the bombing, as one nears Tchepone from the Mekong, about 160 kilometers west, until between Tchepone and the Vietnam border

almost none of the scanty regrowth stands much taller than a man.

But leaving the road southward and uphill, on a branch of the trail that Laos has slightly widened and grandiosely renamed National Route 28, one enters a landscape that appears scarred beyond nature's capacity to heal for decades to come.

B-52 carpet-bombing to destroy not only what moved along the trail but also the paths themselves and the vegetation that frustrated aerial surveillance, has left a checkerboard pattern of huge craters.

Ben Saloy is a new village of 176 people, mainly children, whose houses hover on the brinks of

See TRAIL, Page 5

Revolutions in the East: U.S. Keeps Up Its Guard

By Thomas L. Friedman

New York Times Service

WASHINGTON — The Bush administration has decided to keep a certain distance from the revolutionary government in Romania, as well as from other new regimes in Eastern Europe, because of doubts that they have committed themselves to becoming free-market democracies, according to administration officials.

Now that the euphoria over the revolutions in Czechoslovakia, Romania, Bulgaria and East Germany has passed, administration officials say, they are beginning to see more clearly where real change has taken place and where much work needs to be done before the United States can be expected to commit its resources toward assistance.

The administration feels confident that the new government in Prague is probably on an irreversible path toward democratic change, and is therefore preparing a package of economic assistance for Czechoslovakia.

It is more guarded when it comes to Bulgaria, East Germany and especially Romania, where many Communists or recently proclaimed former Communists still hold senior positions.

Commenting on President Ion Iliescu and his ruling National Salvation Front, one administration policy maker said: "It is kind of hard to call this an infant democracy. We know they got rid of a Stalinist, but we don't know yet

what will replace him. It is just not clear who these guys are."

For several months, Secretary of State James A. Baker 3d has been scheduled to travel to Moscow for a meeting with Foreign Minister Eduard A. Shevardnadze on Feb. 7 and 8. The State Department planned for Mr. Baker to stop in at least two East European capitals along the way.

After weeks of debate, it was finally decided that Prague would be one of the stops. But days before Mr. Baker's departure, it still has not been decided where else, if anywhere, he will go in Eastern Europe.

The interim government in Romania has made numerous appeals, some of them almost desperate, for Mr. Baker to stop in Bucharest.

But administration officials, although not ruling it out, are deeply divided about such a visit.

"On the one hand, if we don't go there, we can't affect an unfinished revolution," a senior administration official said Monday. "On the other hand, we don't want to lend legitimacy to the wrong people."

Although administration officials say they are pleased with the general liberalization program announced by Romania's National Salvation Front, they fear that there is still a strong instinct among the Front's members to return the country to a pre-Ceausescu Communist model — one more liberal

See POLICY, Page 5

Asians See Shutting of 4 U.S. Bases as Step Toward a Pullout

By Patrick L. Smith
International Herald Tribune

TOKYO — The Bush administration's proposal to close three U.S. military bases in South Korea and a minor installation in the Philippines is accepted here as the first step in a process of disengagement in East Asia that is likely to gain momentum in coming years, defense analysts said Tuesday.

The cuts in the U.S. presence in Asia, announced last Monday along with the U.S. budget for the year beginning Oct. 1, were seen most immediately as an inevitable response to Washington's fiscal imperatives and the steady reduction in tensions between the United States and the Soviet Union.

But defense and security experts added that Defense Secretary Dick Cheney was in effect also signaling a policy by which Washington

would begin introducing concrete measures to encourage East Asian nations to assume greater responsibility for their own defense.

While the reductions Mr. Cheney announced were "almost symbolically small," as a Tokyo analyst put it, they also noted that the process he began has long been expected to emerge as one of the hallmarks of the U.S. administration under President George Bush.

"We're not talking about a non-presence in East Asia," said Takashi Inoguchi, a political scientist at Tokyo University. "But trend-wise, this is one step in a gradual disengagement from the region."

In Southeast Asia, Washington's decision elicited concern that the United States must continue to act as a balancing force in the region, a role that has long been secondary to the mission of countering the

threat of Soviet expansion into East Asia through such allies as Vietnam and North Korea.

In an editorial published Tuesday and given wide notice in Japan, the Straits Times of Singapore described the United States as "the only power that can maintain stability in the region."

The newspaper, which normally reflects the Singapore government's views, also expressed concern that regional powers would rush to fill any vacuum left by the United States. It mentioned Japan, China and India in this regard.

Beneath this concern, Japanese analysts acknowledged, is an all-but-unspoken desire among neighboring nations for the United States to provide a material guarantee against an unwanted increase of Japanese military power in the Pacific.

"As long as the United States stays on in Asia, even in reduced form, Japan is unlikely to become the dominant power," a Tokyo defense expert said. "What could magnify the Japan problem is if the United States restrains us less than gently. That would destroy the co-existence of our military forces."

Few analysts speculated as to how far U.S. withdrawals from the region would be taken in coming years. The decisive factors, most agreed, would be the extent of negative reaction among Asian nations and the Soviet Union's willingness to begin disarmament initiatives, especially in northeast Asia.

It was unclear whether Mr. Cheney's inclusion of East Asian facilities in his base cutbacks came in part as a response to Moscow's recent disclosure that it was reducing its forces in Cam Ranh Bay, the Vietnamese naval base.

But one squadron of U.S. aircraft that was said recently to be transferring from the Philippines to Okinawa is to be disbanded.

In South Korea, officials indicated that for the last two years they had been consulted on adjustments to the U.S. presence there. The South Korean military recently announced that it would reduce its participation in exercises held with U.S. forces to reduce tension with the North.

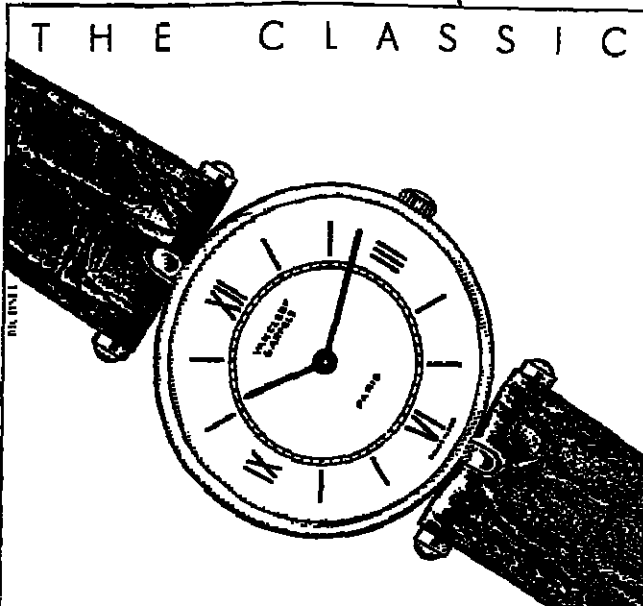
Japanese officials, including Foreign Minister Taro Nakayama, said Tuesday that they intended to discuss the U.S. cutbacks when Mr. Cheney visits Tokyo in February.

"I think the United States will continue to maintain the appropriate level of military presence in the Asia-Pacific region," said Mayumi Morioka, chief spokesman for the government of Prime Minister Toru

shiki Kaifu. "I don't think this will have an immediate impact on Japan, but we won't know until the changes take place."

Juro Matsumoto, director of the Japan Self-Defense Agency, said Japan had no plans to follow the U.S. announcement with military cuts of its own. But he termed Mr. Cheney's military programs bill of \$295 billion for fiscal 1991 as "a turning point" in East-West relations. The proposals amounts to a 2.6 percent decline in purchasing power once inflation is taken into account.

Japan's military and foreign-policy planners have been under increasing pressure since the U.S.-Soviet summit meeting in Malta in December to reconsider the nation's strongly anti-Soviet posture in light of the opening of Eastern Europe last year.



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Bush's Budget: A Rosy Outlook Based on Shopworn Proposals

By David E. Rosenbaum
New York Times Service

WASHINGTON — To meet the budget deficit level required by law, the Bush administration used favorable assumptions about economic growth, proposed many of the same spending cuts Congress has rejected time and again and suggested several accounting tricks.

Thus, despite the exhortation of Richard G. Darman, the budget director, that "there is an obligation to be serious," the administration's proposals do not provide a

sure-fire way of cutting the deficit. The projection that the economy will grow by 2.6 percent in calendar 1990 is not implausible, but it is at the optimistic end of the range of forecasts by private economists.

The Congressional Budget Office predicts that growth this year will be only 1.8 percent, in line with the consensus of private economists. If that is the case, the deficit in the next fiscal year would be \$100 billion, not the \$63 billion forecast by the administration, congressional economists said.

A favorable forecast last summer for the calendar year 1989 proved much closer to the mark on unemployment, interest rates and growth than the more pessimistic forecasts of most economists. But the discrepancy shows how much the administration's deficit estimate depends on continued prosperity.

The administration calculates that if all government programs were continued with an added allotment to account for inflation, the deficit in fiscal 1991 would be \$100.5 billion.

The budget submitted on Monday lays out \$36.5 billion in spending cuts and revenue increases to bring the projected deficit below the \$64 billion mandatory target set by the Gramm-Rudman-Hollings budget-balancing law.

Some of those proposed cuts, like a slowdown in the increase of

home heating and weatherizing, the abolition of the Economic Development Administration, a cut in school assistance to communities with military bases or other federal installations and the end of grants to public libraries. Congress is reluctant to touch these programs.

The largest single revenue increase proposed by the administration would come from its measure to lower the capital gains tax. The

budget estimates that the tax cut would raise nearly \$5 billion in the first year.

Economists do not generally dispute that figure, agreeing that investors would pay more taxes right immediately as they sold investments to take advantage of the lower rates. But while the administration maintains that revenue would be increased indefinitely, congressional tax experts have calculated

that the long-term loss of money to the Treasury would be substantial. The rest of the nearly \$14 billion in higher revenue would come from fees for using government services or from accounting tricks.

Like some of the proposed spending cuts, many such fees have been repeatedly turned down by Congress. Having often rejected the idea of charging boaters for using waterways patrolled by the

Coast Guard, Congress is hardly likely to go along with it this year. Given the constraints of the Gramm-Rudman-Hollings legislation, the favorable economic forecasts, the unrealistic spending cuts and the accounting tricks may be inevitable. The law, said Joseph White, a budget specialist at the Brookings Institution, "sets a total no one can possibly hit with serious policy proposals."

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Masaru Ogawa Is Dead, Editor of Japan Times

New York Times Service

TOKYO — Masaru Ogawa, 74, the former editor in chief of The Japan Times, Japan's largest English-language newspaper, and one of the country's most prominent journalists, died of heart failure Sunday in Tokyo. He had been ill for several weeks.

Mr. Ogawa was something of an oddity in Japanese journalism. Born in the United States, he spoke English as his first language and spent his career moving between both nations.

Later, as editor of The Japan Times, he was known as a strong voice against close ties with mainland China and in favor of strengthening the military alliance with the United States, at a time most other editorial voices in the country disagreed.

A large, gregarious man with a quick wit, Mr. Ogawa frequently traveled between Japan and the United States and was known by several generations of American and Japanese journalists, usually arranging for extra to politicians and intellectuals on both continents. For the last nine years he has served as executive director of the Japan-America Society of Tokyo, which sponsors cultural exchanges between the two nations.

Mr. Ogawa was born in Los Angeles in 1915. Before the war, he studied at the University of California at Los Angeles and then at Columbia.

Alfred Perles, 92, Author and Friend of Miller

International Herald Tribune

Alfred Perles, 92, an author and a close associate of Henry Miller, Lawrence Durrell and Anais Nin in

Rabbi Calls for PLO Talks

New York Times Service

JERUSALEM — A major religious leader among Israeli Jews of North African origin is causing a small political storm by calling for negotiations with the Palestine Liberation Organization.

The leader, Rabbi Baruch Aba-Hatzera, known as Baba Baruch, astounded many in Israel when he said last week, "We should sit with the PLO in order to bring peace."

He repeated the call Monday as tens of thousands of his followers converged on the small Negev town of Netivot to observe the 100th anniversary of the birth of his father, Rabbi Yisrael Abuhatzera.

The elder rabbi, known as Baba Sal, was a major spiritual leader among Israeli Jews of North African or Middle East stock, known as Sephardim.

Baba Baruch said in an interview that he wanted Israel to annex the West Bank and to establish a Palestinian state in the Gaza Strip and adjoining parts of Egypt. West Bank Palestinians would be urged to reside in the new state, he added.

RIEFS

s in Volgograd

uro of the Volgograd region... that they were not... accepted the mass release... industrial city of the USSR.

ority in Prague

ommunist Party lost its... since the late 1980s... of them Communists... revolution to replace more... of 199.

Free Terrorist

nterrand has told... is to be released in July... in a report appearing... terrorist, Anis Naccache, 36...

rike Call in Haiti

general strike called to... military government... state of siege was lifted... in the capital Monday... of the strike. General...

lest Libel Award

a British Sunday newspaper... editor who called him a... Miss India. But he was... of The Sunday Times... having had an affair with... 1988. The jury also... to pay the costs of the...

anks Off England

passenger ship sank off the... battered Britain on Tuesday... members drowned and 11... three helicopters and a plane... 1,100-120 cargo vessel... the... in its last radio... helicopter spotted wreckage...

UPDATE

ransport Chaos

to face a day of large-scale... to the capital and other... and strike Tuesday night... around Paris who depend on... face daunting delays... traffic jams caused by a... to be choked. This will... to be struck.

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India and Pakistan Step Up the War of Words on Kashmir

By Sanjoy Hazarika

NEW DELHI — Relations between India and Pakistan appear to be at their worst since their last war, in 1971, as the two neighbors step up a sharp exchange of words over the disputed state of Jammu and Kashmir.

The Indian part of the state has been in turmoil over the last year as separatist groups have pressed a campaign for independence. Dozens have died in violence there in the last two months.

The head of the Indian Army, General V. N. Sharma, said Tuesday that Indian troops would repulse any threat from Pakistan to the cease-fire line in Kashmir.

"If they dare it, they will get a hot reception," General Sharma said, referring to recent statements by leaders in the Pakistani part of Kashmir that they would send people across the border.

The general's remarks followed an exchange of statements by both sides disputing the status of Kashmir, which is dominated by Muslims. India and Pakistan have fought three wars since they became independent from Britain in 1947. The first war was fought that year over Kashmir, which acceded to India.

In Islamabad, Foreign Minister Sahabzada Yaqub Khan said that Pakistan did not want war with India over Kashmir, but would refuse to back down in "supporting the Kashmiri people's right of self-determination," Reuters reported.

[Mr. Yaqub Khan, who went to New Delhi last week for talks about Kashmir, said in a television address that Pakistan could never

bargain away the right of Kashmiris to choose their future.

[He also reiterated Pakistan's denial of Indian claims that it is responsible for fomenting a rebellion in Indian-controlled Kashmir.]

India says that the state is an integral part of the country and that it will oppose any moves to raise the issue in international forums like the United Nations. There are reports that Pakistan may seek to raise the issue with the UN Security Council, a move that would almost certainly draw a veto from the Soviet Union.

A high Indian official went to Moscow last weekend and reportedly won assurances that Moscow regarded Jammu and Kashmir as an "integral part of India."

The U.S. State Department has reportedly asked India and Pakistan to reduce tensions by holding talks.

New Delhi contends that the two neighbors must sort out their differences on their own under the terms of a 1972 agreement that led to the creation of Bangladesh and the defeat of the Pakistani Army.

"We have pulled no punches in our messages to the Pakistani leadership," said a top official in the Indian Foreign Office. "We do not want a war, they do not want a war, but we have told them clearly to stop interfering in Kashmir and that we will not allow the secession of any part of India."

The official said that the situation between the countries was "perhaps the most dangerous" since the 1971 war.

Domestic issues clearly have a role in the harsh rhetoric. Officials say that Hindu-Muslim tension in India over a disputed shrine and elections to 10 state legislatures in February are factors.

The minority National Front government and its allies are seeking convincing victories in the states to strengthen their position. Although the government is hoping to calm the religious dispute, the Kashmir issue appears to have diverted its attention.

A Pakistani diplomat said that public pressure also was building on Islamabad to hold its demand for a plebiscite in the state to hear out its residents.

"There is a lot of emotional investment in this stand and Pakistan cannot allow a dilution of its position in this situation," said the Pakistani diplomat, who asked not to be identified.

Opposition groups in Pakistan have accused Prime Minister Benazir Bhutto of a soft attitude toward India and the trouble in Kashmir.

The confrontation is developing as India tries to rehabilitate a mainstream politician in Kashmir who resigned as the state's highest elected official two weeks ago.

Prime Minister Vishwanath Pratap Singh has held talks with the official, Farooq Abdullah, an ally of former Prime Minister Rajiv Gandhi, but the discussions have been inconclusive.

There are moves to reinstate Mr. Abdullah's Jammu and Kashmir National Conference party into the government, but it is not clear whether this will ease the political crisis in Kashmir.

Militant separatists have rejected Mr. Abdullah, and many Kashmiris say his rule was corrupt.



MCWAITING FOR THE BIG DAY — Muscovites strolling past the new McDonald's on Pushkin Square on Tuesday, 24 hours before the Big Mac makes its debut in the Soviet capital. The Moscow McDonald's, the largest in the world, is equipped to serve 15,000 ruble-paying customers a day. A second Soviet McDonald's, for hard currency customers, is due to open nearby next year.

MOSCOW: Stance Is Eased

(Continued from page 1)

eration" of the two Germans, with the possibility of eventual reunification, bore some similarities to proposals made last year by Chancellor Helmut Kohl of West Germany. It was only in December that Foreign Minister Eduard A. Shevardnadze sharply rebuked Mr. Kohl for his 10-point plan, describing it as "fraught with dangerous consequences."

The East German prime minister flew to Moscow after agreeing to form a national unity government in East Berlin to run the country before free elections on March 18.

The Soviet Union has called for the German question to be taken up by a 35-nation summit conference, along the lines of the 1975 Helsinki conference on European cooperation and security, which Mr. Gorbachev would like to see convened this year.

In his press conference, Mr. Gorbachev said he had discussed the development of the right to self-determination of the German people with Mr. Gorbachev, as well as the question of uniting both German states in the framework of European interests.

Mr. Gorbachev's release from the Rummelsburg detention center, used to house people awaiting trial, is likely to strengthen the defense and doctors' argument that he is unfit to stand trial.

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Court in Berlin Rules Honecker Too Ill for Jail

Reuters

BERLIN — Erich Honecker, the former Communist leader, was freed after an East German court said on Tuesday that he was too ill to be held in a detention center.

A spokesman for East Germany's prosecutor-general said the East Berlin city court had ruled that Mr. Honecker, 77, and recovering from cancer surgery, was "at the moment" too ill to be kept in detention.

"This means he must be freed immediately," the spokesman said. Mr. Honecker, who is to go on trial for high treason in March, was detained as he left a hospital on Monday.

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POLICY: U.S. Cautious on East

(Continued from page 1)

and open, but still largely based on a single, unified party.

At the regular State Department briefing on Monday, a spokesman, Richard A. Boucher, took the unusual step of warning, "There should be no backsliding on the part of transitional officials as Romania moves from revolution to democracy."

To date, the administration has given Romania \$775,000 in emergency relief and Red Cross assistance, but nothing beyond that.

Because Romania already has a trade agreement with the United States, it would be easy for the administration to waive the Jackson-Vanik trade restrictions applied to Romania in 1988 and thereby restore Bucharest's most-favored-nation trading status.

Administration officials say that such an action is being studied, but that it is nothing to rush into.

As one State Department expert explained, the administration now views a Jackson-Vanik waiver as something to be granted not simply to a Communist country that allows free emigration, but to one that adopts a more general Western approach toward human rights.

Although the new government in Romania has committed itself to free emigration and the right of free movement to a passport, its broader commitment to honoring human rights and free elections remains untested, officials said.

On the opposite end of the spectrum is Czechoslovakia, which administration officials view as the ideal case: all of the revolutionary changes there have been made through a constitutional process.

Administration officials have decided to grant Prague a Jackson-Vanik waiver as soon as a trade agreement can be negotiated. Such

spread many small land mines, which explode when stepped on.

The facility's pharmacist showed two cartons of medical supplies that were presented by a U.S. military team excavating two crater sites nearby in the continuing search for servicemen missing in action.

Because the staff speaks only Lao, they could only hope that they could make appropriate use of the medicines. The pharmacy contained few other supplies.

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Pigs grunted from below the stilted houses. Tobacco and rattan were drying on the ground, against the sides of craters, but not in commercial quantity.

The village, Mr. Boulao said, has only one cash crop, the same that they gathered at the old site until they moved last year. The product, he said, is scrap metal, largely bomb fragments, but also parts of U.S. planes and South Vietnamese helicopters and vehicles. The tribesmen sell the scrap to merchants who come periodically from Savannakhet and resell their gleanings across the Mekong in Thailand.

Mr. Boulao proudly showed the village's monument to its source of earnings. Piled near the roadside were some of the remains of a U.S. fighter-bomber, ferociously guarded by a dog that had sought shelter under the scrap for her new litter.

Their covering was a flattened, olive-drab canister marked "Dispenser and Bomb, Aircraft, CBU." The initials stand for the "cluster bombs," which to this day, Prime Minister Kaysone Phomvihane said in an interview, take a toll of victims. On impact, the bombs

Leftists Who Targeted Pinochet in '86 Attack Tunnel Out Of Prison

Compiled by Our Staff From Dispatches

SANTIAGO — Forty-nine leftist guerrillas, several of whom were involved in a 1986 assassination attempt against President Augusto Pinochet, escaped Tuesday from a prison here by a secret tunnel.

"All are dangerous criminals," a government spokesman said. "The situation is extremely grave."

The prisoners, all but one of them members of the guerrilla Manuel Rodriguez Patriotic Front, escaped through a secretly constructed 73-meter (240-foot) tunnel that ended in an abandoned rail station in central Santiago, the police said.

Police said that seven fugitives were captured within hours of the tunnel's discovery at 2:30 A.M.

Relatives of the prisoners called on Chileans to help hide them, and some family members gathered in front of the central jail to demand freedom for those still being held.

The breakout came six weeks before the president-elect, Patricio Aylwin of the Christian Democratic Party, is to become the country's first civilian leader since the 1973 coup brought General Pinochet to power.

Mr. Aylwin, who leads a center-left coalition, has promised he would seek to free most of the 450 people jailed on political charges. He has excluded those directly involved in violence, despite calls from the

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statesman may find out that the entire greater Germany is lined up against him and that this knowledge "will cure you of your folly."

OPINION

Looking to Upstage Bush, They Mostly Look Frantic

By David S. Broder

WASHINGTON — No telling how many American viewers will stay tuned after President Bush finishes his State of the Union Address on Wednesday night in order to hear the Democratic response from Thomas Foley, the speaker of the House. But in many ways, Mr. Foley faces a tougher challenge than does the president.

Mr. Bush starts off with a strong hand. His popularity is high at home and things are going his way in the world. His rhetoric probably will not soar, but he is playing his own game comfortably and need not strain for effect.

Mr. Foley's task is more difficult. Speaking facetiously, you could say that the speaker's job is to tell the American people exactly what they really are... but not let anyone find out they're the people who run Congress.

That is only half kidding. A week of voter-interviewing with my colleagues from the Washington Post, backed up by a national poll by the Post took with ABC News, shows two things very clearly. The American people have only a vague and unimpressed impression of the Democratic message. And while they think Congress is calling the shots in Washington, they don't hold it in high esteem.

The survey showed that by a 53-to-15 percent margin, people think Congress has more power than the president. But by a 55-to-39 percent margin, they disapprove of the way it is using that power. Republicans lead Democrats by 12 points as the party most trusted to cope with the country's main problems — as big a lead for the Republicans as the survey ever has measured.

When Mr. Foley was asked the day before Congress reopened last week, if such findings indicated a failure on the part of the congressional leadership, his response was rather defensive. He said some surveys show the Democrats in a more favorable light and that a president's first-year popularity often boosts his party temporarily. "Inside the House," he said, "I don't think there's a level of restless discontent."

Party leaders outside Washington will find little solace in the speaker's affirmation. The congressional incumbents' complacency — if it exists — hardly offsets the loss of public confidence in the Democrats and the disengagement of the one part of the national government the Democrats still control. It

may, in fact, exacerbate those dangers.

The start of the session was marked by more of the disarray for which the Democrats have become famous. Senator Daniel Patrick Moynihan of New York urged his party to take the lead in rolling back Social Security tax increases. He argues that the buildup of surpluses in the Social Security trust fund is disguising the true extent of the Bush budget deficit and forcing low- and middle-income families to pay a disproportionate share of the cost of government.

This Moynihan plan was embraced wholeheartedly by a few Democrats, who think it would be great to be on the tax-cutting side of the argument for a change, after 12 years of watching the Republicans exploit that franchise.

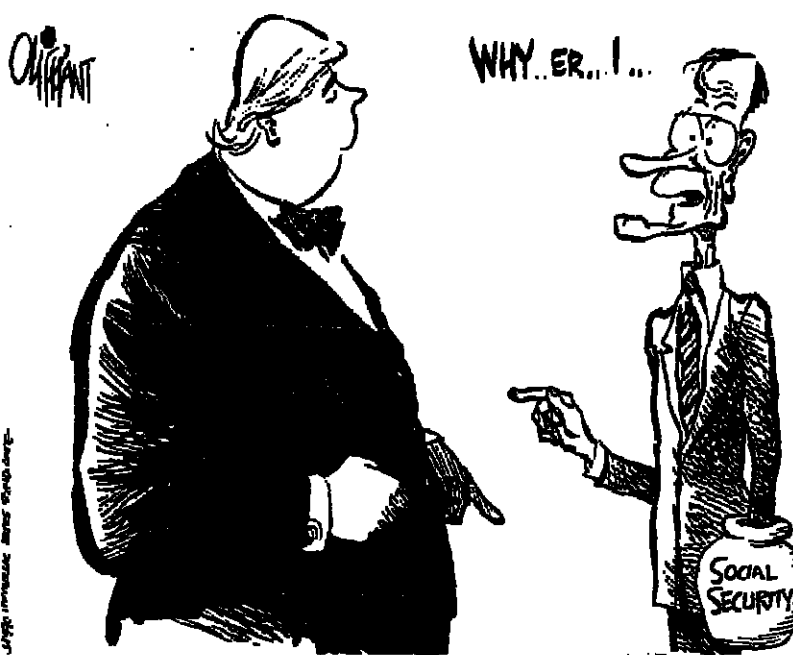
The Senate Democratic leader, George Mitchell of Maine, cautious as always, said he wanted to study the Moynihan proposal a bit longer but was inclined to think it a good idea. Mr. Foley said publicly he too would like a tax cut, but he couldn't support it at this time. Privately, he indicated that he would have to see the Democrats take the lead in unraveling the bipartisan 1983 agreement that guarantees Social Security will be solvent in the next century when the baby boomers show up to claim their retirement benefits.

And then the Ways and Means chairman, Dan Rostenkowski, Democrat of Illinois, cut through the fog by saying that the Moynihan proposal was "totally irresponsible." It probably is — if you think Democrats should be held to a higher standard of fiscal prudence than the Republicans have shown for the last nine years they have run the executive branch.

What the public got from this exercise was another example of Democratic hemming and hawing, caterwauling and confusion — the very qualities they have come to associate with the party.

In the tenth year since they lost the presidency, the Democrats still have not created a policy arm of the Democratic National Committee, which would let them speak seriously to the American people as a party. Mr. Foley and Mr. Mitchell are both gifted television performers. But as they are the first to acknowledge, they cannot be both legislative leaders and party spokesmen.

Each has to answer to a diverse constituency of colleagues, 54 in the Senate and 258 in the House, who are eager to peddle their own nostrums for every



- A - DON'T HAVE TO ANSWER THAT.
B - WAS MERELY COUNTING THE COOKIES TO SEE THEY WERE ALL STILL THERE.
C - THOUGHT THIS WAS THE JAR WHERE WE KEEP ALL THE QUID PRO QUOS.
D - THINK YOU'RE PLAYING POLITICS WITH ME.
E - WHAT COOKIE JAR?
F - WHAT DEFICIT?

issue that crosses the screen. Simultaneously, both must serve as legislative leaders of bodies where the Republicans hold more than 40 percent of the votes. Because they are tied to those tasks, neither Mr. Foley nor Mr. Mitchell has the energy or capacity to plot a Demo-

cratic issues-strategy for a presidential campaign two years away, let alone to take the lead in figuring out where the party ought to be going in the 1990s. The voters sense the Democrats' lack of guiding principles. They see them grasping for gimmicks that will fill the

LETTERS TO THE EDITOR

Cambodia and the UN

The agreement by the five permanent members of the Security Council that the United Nations should play a greater role in ending the Cambodian conflict by organizing free elections is a positive development. However, the success of such a UN effort hinges upon answering some apparently intractable questions.

First, will the Khmer Rouge, the most powerful and ruthless of the guerrilla groups, allow such free elections, in which they are likely to face a crushing defeat?

This leads to the question of disarming the various factions. Will the Khmer Rouge agree voluntarily to give up their arms? For a group as brutal as the Khmer Rouge, disarmed because of their military prowess, to agree to be disarmed and submit to free elections in which they have no chance of winning would be tantamount to writing their own death sentence.

There is a general and somewhat naive belief that China would rein in the Khmer Rouge. But the big powers are finding it increasingly difficult these days to control their client regimes,

and China might not have the will or the capacity to remove the Khmer Rouge if they ignore its commands.

The onus will be on the United Nations — which has already tarnished its image by allowing the Khmer Rouge-dominated coalition to sit at the world body — to disarm the Khmer Rouge by helping the Hun Sen regime if necessary.

There will be no substantial progress toward resolving the Cambodian crisis until the role of the Khmer Rouge in a post-Vietnam Cambodia is cleared up.

MAHMOUD ELIAHI
Ottawa

In "The Chinese Concession Is No Boon to Cambodia" (Opinion, Jan. 20) Nayan Chanda rightly questions the purpose of an enhanced UN role that fails to address the question of the Cambodian seat at the United Nations. The situation regarding the Cambodian seat represents

unhelpful attitudes and motives that for 10 years ignored much destruction of life and damage to land in Cambodia.

FITZROY PONNIAH
London

Waiting on the Convent

Sir Sigmund Sternberg's opposition to Jewish indignation at the failure to remove the Carmelite convent at Auschwitz ("Auschwitz: Some Facts," Opinion, Jan. 25) reflects insensitivity to Jewish concerns. His article, for all its reassurances, fails to address the central issue:

One year after the deadline date of the Roman Catholic Church's promise to remove the convent, it remains there unaltered. Not even a spade has been put in the ground to symbolize its removal.

ISI LEIBLER
Vice President,
World Jewish Congress,
Melbourne

Sir Sigmund writes that "in Poland, due to the economic crisis, things are not progressing as fast as one would like — they have other priorities." Given the background to this affair, and the history of earlier, related events, perhaps those concerned should be helped to make the relocation one of their first priorities.

M. DOV
Casteau, Belgium

One Day's Food for Thought And 3,000 Tons of Leftovers

By Richard Harwood

WASHINGTON — A couple of Sundays ago, Washington's biggest manufacturing enterprise, The Washington Post Company, produced 1.2 million copies of its newspaper, which, en masse, contained approximately 350 million pages. In them were thousands of those ubiquitous advertising messages that make the wheels spin in America's consumption-driven economy: ads from merchants of furs and

force as the politically energized part of the population ceases to tremble under the sheets at the thought of nuclear incineration. The salvation of the environment is the just cause of the 1990s. And newspapers, because of their right-tous preaching on this and all other issues, are sensitive and vulnerable targets, although their waste paper is not exactly a life-threatening phenomenon or a major cause of the garbage glut. If, heaven forbid, the production of newspapers ended today, 94 percent of the municipal waste disposal problem would remain.

MEANWHILE

spring fashions, grocers, car dealers and department stores, from people seeking or offering jobs, from people buying or selling houses or horses or boats.

There was yard upon yard of sparkling journalistic prose about our world and its inhabitants — Azerbaijan, Mikhail Gorbachev, Marion Barry, the Grand Canyon, Hollywood, 7-foot basketball players, political columns, columns of advice, sports scores, weather reports, puzzles and comics.

It was a typical and typically monumental Sunday "product." It weighed in, in the aggregate, at about 3,000 tons. At the end of the day, something had to be done with it, and that has become a problem. Sixth-grade comedians will give you the simple solution: Line bird cages and wrap fish. But the less comic truth is that the job of disposing of about 10 million tons a year of American newspapers has been dumped into the laps of local governments that are running out of solutions.

A big chunk of The Post's "product" — maybe 20 percent — winds up in an unused incinerator pit off Benning Road, where it will sit until the District of Columbia government can sign up contractors to haul it away at an uncertain cost to the citizenry. Another big chunk, collected by government agencies in Northern Virginia and Montgomery County, Maryland, eventually winds up at a newspaper recycling mill in Dublin, Georgia. The mill once paid \$30 a ton for used newspapers. Now the market is so glutted that it pays nothing, and local governments, despite their collection and handling costs, are happy simply to have someone take it off their hands.

The alternatives are to burn it and dirty the air, or bury it in landfills, which are vanishing because they are unprofitable to our new generation of Greens. The Greens are fast becoming a major

Still, there is great agitation in the country to prod or force newspapers to change their ways. The big objective is to get the industry to use newsprint largely manufactured out of old newspapers. This reintegration would eliminate much of the disposal problem.

From 30 percent to 35 percent of the newspaper waste is recycled in the United States, allowing the writings of pundits and ombudsmen to be converted into such useful products as mulch, boardwalk insulation and bedding for farm animals. The Black Angus can now pillow his head on the remains of old George Will essays. Conversion to newsprint is another use.

Until recently, recycled newsprint was of small interest to the newspaper industry. Virgin newsprint made of wood has been plentiful and relatively cheap in a market stabilized by long-term contracts. Mills have had little incentive to invest in recycling equipment; publishers have had little incentive to rock the boat.

As a result, recycling mills today have the capacity to supply no more than 10 percent of the newsprint consumed. That is the percentage — 10 percent — of recycled paper used by The Post in the last quarter of 1989. This year, because of inadequate supply, only about 5 percent of The Post's newsprint will contain recycled fibers.

This will change in the 1990s. Recycled paper will win a major share of the market. It is inevitable because of the credible prospect of local and federal taxes on unrecycled newsprint and because 50 million people in more than a thousand communities are going to be involved in newspaper recycling programs.

At that point, editorial writers can embrace the Greens with cleaner hands — assuming no-rub ink by then.

The Washington Post

AMERICAN TOPICS

Caller ID Service: A Hang-Up for Some

Over concern that a new telephone service is an invasion of privacy — it discloses the phone number of the caller to the party being called — legislation has been introduced in the Senate to give callers the right to block their numbers from being seen. The New York Times reports.

With "caller identification" when the phone rings the caller's number appears on a small digital screen before the receiver is picked up. The Senate bill would require phone companies offering this service to allow callers to prevent their numbers from being displayed by dialing a special code.

Critics of caller identification say it will make people less likely to use confidential social services like hot lines for battered wives or people with AIDS. They also say consumers phoning businesses might find their numbers passed along to marketing concerns without the callers' permission. Others say the service is self-defeating: Suppose a family member in an automobile accident calls from a public telephone?

Advocates say it protects people

Short Takes

Dulles International Airport outside Washington may soon be renamed Eisenhower International Airport, as the Oct. 14 centenary of Dwight D. Eisenhower's birth approaches. The airport board favors the move and so does Senator Bob Dole of Kansas and chairman of the Eisenhower Centennial Commission. John Foster Dulles, who died in 1969, was secretary of state under Mr. Eisenhower, who died in 1969. The terminal building would retain the Dulles name. Some advocates say the change would end the occasional confusion of Dulles with Dallas.

Why the superstition that 13 at table is bad luck? Abigail Van Buren, the advice columnist, says maybe it is because most hostesses have no more than 12 place settings. "Or perhaps," she surmises, "it had something to do with the Last Supper."

In a West Hollywood restaurant, Fred Piegonski told the Los Angeles Times, the menu featured "Local Chicken Breast." He asked the waitress to explain. "She said it was chicken from the state," Mr. Piegonski relates. "I ordered some and it did taste

Notes About People

Francis Fukuyama, the State Department official who ignited controversy last summer with his article "The End of History," which argued that democracy has triumphed over communism, has resigned to elaborate on that thesis in a book, "The End of History and the Last Man." It will be published next year by Macmillan.

The boxer Sugar Ray Leonard, who relinquished the World Boxing Council super middleweight title after successfully defending it with a unanimous decision Dec. 7 over Roberto Duran, is now appearing in diet soda commercials and telling viewers, "Just call me 'Sugar Free.'"

Ava Gardner, who died last week at 67, was a world-famous actress who had three famous husbands — Mickey Rooney, Artie Shaw and Frank Sinatra. The gossip columnist Liz Smith has since reprinted an indisputable Gardner line: "I don't know why the hell anybody should talk about my marital record. My three ex-husbands had 20 wives among them."

Arthur Higbee

In Bhopal, How Long a Wait?

Lawsuits Tie Up \$470 Million Compromise Settlement

New York Times Service
BHOHAL, India — Mumai Bai squatted on the tiny courtyard in front of her one-room hovel with a 6-month-old infant on her lap, weary from sickness and struggle since a subsidiary of Union Carbide Corp. opposite her neighborhood spewed lethal pesticide gases more than five years ago.

"How much longer must we wait?" the 30-year-old widow said as three neighbors listened, knitting sweaters as they sat on the ground. "We are tired of fighting."

"I can't lift more than a few buckets of water without feeling giddy," she said. "I still have breathing problems."

About a year ago, India's Supreme Court decreed a settlement that ordered Union Carbide to pay the central government \$470 million to compensate the victims. In return, the court barred all existing and future criminal cases against Carbide executives.

Yet because of litigation by angry citizens' groups that described the settlement as a "sellout," none of the money has been distributed to Bhopal residents. The situation has been complicated by a change in government in December. The new prime minister, Vajpayee Pratap Singh, traveled to Bhopal recently and walked in the grime of four neighborhoods that were hit by the gas, listening to complaints and saying he was deeply moved by the suffering.

Mr. Singh also said that his government opposed the \$470 million compromise and that he did not favor a settlement with Union Carbide. "No one has the right to bargain over the corpses of people," he said. He announced that his government would make interim relief payments after one month to tens of thousands living in 36 districts of the city that were crippled by gas fumes in December 1984.

At that time, more than 400,000 people were living in these areas. Mr. Singh did not say how much money would be paid out.

Soli Sorabji, India's attorney general, said the payments would not be connected with the compromise settlement reached last year. But what is unclear is

how the money is to be distributed and whether the method will prevent the fraud and corruption that the victims fear.

Mr. Sorabji said in New Delhi that the government regarded the settlement as inadequate and undignified, particularly the clause relating to the dropping of criminal suits against Union Carbide.

The government's legal experts are looking at ways that New Delhi can raise funds domestically for those who are still suffering from a range of ailments, including lung damage, psychiatric problems and eye damage.

Union Carbide says that it is not concerned with the latest legal moves because it has paid the money that was sought of it and that no Indian court now has jurisdiction over it.

"They can say whatever they like, but the move appears political, and as far as the company is concerned, the matter is over," said a corporation official who asked not to be identified.

But for the victims of Bhopal, the battle is far from over. Disputes continue over the medical categorization of victims and the actual number of injured, and even Mr. Singh's latest gesture is likely to generate much heat.

S. Satyam, the relief commissioner for the gas victims, said voluntary payments of 10,000 rupees (about \$550) each, unrelated to the final amount of compensation, had been made to relatives of 3,323 people who died. Identification of 340 other bodies has not been made.

Mr. Satyam said his office had examined 354,000 claims for compensation and found 170,000 with slight injuries. The number of those totally disabled was listed at 32, and 9,000 others had partial or permanent injuries.

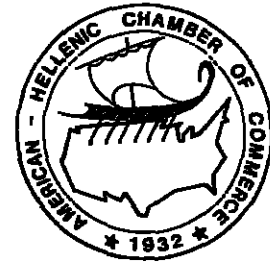
The state government of Madhya Pradesh, of which Bhopal is the capital, pays 750 rupees a month to 1,708 families who have lost one or more members who helped earn a living.

— SANJOY HAZARIKA



GREECE: ON THE EVE OF A NEW ERA

Athens, February 27-28, 1990



THE CONFERENCE

The International Herald Tribune and the American-Hellenic Chamber of Commerce are holding a two-day conference in Athens that will review major new developments in Greece, particularly focusing on how the government and EC policies will affect the future business climate.

AMONG THE TOPICS TO BE DISCUSSED:

- The Greek Economy: Need For Stability & Growth
- Investing In Greece: Today's Incentives & Improvements
- Greece & 1992: Challenges & Prospects
- Greece's Financial Services Sector
- The Political Outlook: Consensus Or Confrontation?
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Professor Xenophon Zolotas, Prime Minister of Greece
Constantine K. Mitsotakis, President of New Democracy Party
Andreas G. Papandreu, President of PASOK Party
Andreas Andrianopoulos, Member of Parliament
Stelios Argyros, President of the Federation of Greek Industries
Miltiades Evert, Member of Parliament
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West German Ambassador W.G. von Schulenburg
George Souflas, Minister of Finance
Edward Streator, President, American Chamber of Commerce in the U.K. and former U.S. Ambassador to the OECD

REGISTRATION INFORMATION

The conference fee is Drs 70,000 for those registering within Greece and US\$450.00 for participants registering from outside of Greece. Fees must be paid in advance and will be refunded, less a US\$50.00 administration charge, for any cancellation received in writing on or before February 23. Those cancelling after February 23 will be charged the full fee. Substitutions can be made at any time.

REGISTRATION FORM

To register for the conference, please fill out the form below and fax it to Jane Blackmore in London on (441) 836 07 17. International Herald Tribune, 63 Long Acre, London WC2E 9JH, Telephone (441) 379 43 02.
☐ Please find enclosed a check made payable to the International Herald Tribune. ☐ Please invoice

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CONFERENCE LOCATION

The conference will be held at the Athenaeum Inter-Continental Hotel, 89/93 Syngrou Avenue, GR11745 Athens, Greece. The hotel is holding a limited number of rooms at preferential rates of Drs. 14,000 for a single or a double room. Please contact the hotel directly to make your room reservation. Telephone: (30 1) 90 23 666, Fax: (30 1) 92 17 653, Telex: 221 554.

Herald Tribune
Published With The New York Times and The Washington Post



Gelbart on Hollywood screenwriting: "Working on 'Tootsie' wasn't bad at all. It was after I finished that things got a little hairy."

Larry Gelbart: Surviving Hollywood

Last month playwright/screenwriter Larry Gelbart ("A Funny Thing Happened on the Way to the Forum"; "M*A*S*H" [the TV show]; "Tootsie"; did what has come to be thought of as the no-longer-possible — he wrote the book on a new American Broadway musical, "City of Angels," and it was hailed by critics as the genuine revival of a popular culture form. For the first time in years, said Frank Rich of The New York Times, "a musical was brought

to a halt by riotous jokes... only the fear of missing the next gag quells the audience down." "City of Angels" could reverse the trend and have London importing New York shows! "City of Angels" tells two stories simultaneously — on one side of the stage a '40s novelist in Hollywood struggles with "help" from a producer, to adapt his detective novel into the Great American Screenplay; on the other an actor playing "the detective" relentlessly misinterprets the best of the writer's intentions. It's a play about the myriad ways in which we convince ourselves that we aren't "selling out." "You can always tell a writer — words, words, words," complains Gelbart's producer, "L.A. is like a beautiful woman with a social disease," rasps his compromised writer. "Only the floor kept her legs from going on forever," grunts the pseudo-hardboiled detective.

OFF STAGE

Gelbart's working-class sense of humor — he began his career doing one-liners for Bob Hope, then joined Woody Allen, Neil Simon, Carl Reiner and Mel Brooks on Sid Caesar's legendary "Your Show or Show" — is based on a simmering outrage toward bureaucratic systems that lack compassion; yet it also knows that romantic "rebellion" is often fraught with low IQ. Alan Alda's "Hawkeye" character in "M*A*S*H," with his "suicide is painless" smile, is said to be the one closest to Gelbart himself. Comedy writer Warren

Leight engaged him on this and other topics recently in New York. IHT: Was "City of Angels" an idea you'd had for a long time? LG: It's too late to say that, I've already gone on record with the truth. Cy Coleman [the composer] called, about 1980, and asked — IHT: 1980? LG: An elephant can have three children in the time it takes to write a musical... IHT: And you wanted to talk about what happens to writers in Hollywood? LG: [Laughs] Not at first. For the first few years I was just trying to work out a private-eye story line. But it became very clear that this was just an extended sketch. You could never get anyone emotionally or intellectually involved, and so it didn't seem worth the effort. IHT: Eventually you personalized the story? LG: About two years ago we all got together — Cy, David Zippel [the lyricist] to block the show out. And suddenly, I wasn't writing, you know, a "hopelessly clever pastiche," but something which allowed me to bring in some of my own experience. IHT: What's the line in the show about the writing experience? "As though I'd been hit by a wrecking ball wearing a pinky ring." LG: [Laughs] From day one it's a situation in which the writer is "helped" even though he doesn't need or want help. IHT: How autobiographical is "City of Angels"? How bad was, say, working on "Tootsie"? [Gelbart was involved in bitter arbitration over writing credits.] LG: Working on "Tootsie" wasn't bad at all. It was after I finished working on "Tootsie" that I got a little hairy. A bad situation had developed, in which the director [Sydney Pollack] felt he needed his writer [Ela Bittencourt], and the star [Dustin Hoffman] felt he needed his writer [Murray Shisgal]...

IHT: Whose writer were you? LG: I was the writer's writer. The first to go. The first thing you have to learn is not to collaborate in your own unhappiness... IHT: So would you ever — LG: No. Any sentence that starts that way, the answer is no. IHT: — let yourself get rewritten? LG: No. Never. However many years or weeks I have left... I've earned the right to just say no. Not to prevail, but to say no. IHT: There's a parallel in the outrage that runs through "City of Angels" and "Mastergate" [Gelbart's recently closed Broadway play about Watergate, involving what happens to words these days. The language of unindicted co-conspirators, of Congressional testimony...]. LG: Sure. It's everywhere. Look at Bush and Quayle talking about Gorbachev after Malta. They contradict each other completely, then Bush says, "Basically, we don't disagree... It's all the same, two and two make five, the use of words to deceive." IHT: Why is a comedy writer like you so angry about Iran-contra? LG: Because I'm a patriotic American and I'd like to see America treated better. IHT: You weren't a red diaper baby? LG: In Chicago? [Laughs] No. My folks weren't political at all. They were immigrants and they never became caught up in that. IHT: Why didn't most people get excited by Iran-contra? LG: Not a small part of that was a calculated effort by the participants to make it boring. IHT: "Mastergate" was a critical success, but did you feel you were preaching? LG: To the converted? Sure. Doesn't every synagogue or church? Anyway, it's not a political

play — it's a play about the politics of language. IHT: Did you hear from William Safire? LG: Not a word. But George Bush's sister was at the first performance in Cambridge. She loved it. IHT: In "Mastergate," was it hard to top reality? LG: I didn't try. I was doing, through repetition and compression of speech, just what they were doing. I don't think the show was satire. I thought the real thing was satire. IHT: You didn't start out doing that kind of writing? LG: No. In the beginning I thought of myself as a comedy writer. In 1945, I was 16, I was living in California, and writing for Bob Hope... IHT: You went right to work for Hope? LG: First I unpacked. Hope was my fourth job. IHT: All joke writing? LG: At the time, I never thought of writing anything longer than a 12-minute sketch. IHT: Until after Sid Caesar? LG: Right. Then I became ambitious. I had done as much as I wanted to in that form, but I didn't know what the next avenue would be. It turned out to be "Forum." But we're still not talking about anything wildly different — that was still big laughs, a burlesque. IHT: When you were with Caesar, did you all know how good you were? LG: Oh, yeah. Doc [Neil Simon], Woody, Joe Stein ["Fiddler on the Roof"], Mel Tolkin... IHT: How long were you with Caesar? LG: Two hours. No, two years. I'll tell you how good we were. We had a guy working on typewriter — he'd written reviews, special material — and he was just paid to type. He was Michael Stewart, who of

course went on to write "Hello Dolly," "Bye-Bye Birdie" and "42nd Street." Mike was our typist. IHT: Then there was a nine-year gap when you went to Europe? LG: I was just sort of floating. IHT: Drinking? LG: Floating! IHT: And when you came back, you had a new sense of what you wanted to write? LG: No. I can't take any credit. The opportunity came to write "M*A*S*H" — and by then Vietnam had happened. Despite the fact that the show was set in Korea, it said a lot more about what was going on in 1972 than 1952, and so, for the first time, I felt like I was writing something that expressed what I felt. IHT: How much of the gibbous do you discount? LG: My gibbous? None of it. If I take that away, what am I? IHT: I mean, until "M*A*S*H," did gibbous get in the way of going deeper? LG: Sure. It's there for that reason — to hide emotion, just as everything else is. In advertising, in escapist fare, in almost everything we do, I think we're trying to keep away from the one really unbearable thought, our own mortality. IHT: And which you started to deal with in "M*A*S*H." LG: And then after "M*A*S*H." That experience indicated all the choices since then about doing things which don't have to be important, but do have to mean something to me, rather than just "Blame It On Rio." IHT: You wrote "Blame It On Rio"? LG: Sorry about that. IHT: [Laughs] So this was a "maturational process," Larry. Internal growth. LG: Oh. That too. But it's not a choice you make. I like to think that life is made up of at least three acts. Maybe it's even a miniseries... IHT: Your act this year is going to be hard to top. LG: Enough already. It's like my dampest dream come true. IHT: Do you think you can go back to writing for television? LG: No! I can barely even watch television. IHT: And do you see yourself handing a screenplay over to a director again, who might... LG: No! IHT: Larry, you realize, you're writing yourself into a corner here? LG: Yes, but it's a very comfortable corner.

LONDON THEATER

A Weird Postwar London

By Sheridan Morley
International Herald Tribune

LONDON — In a still very thin London theatrical winter, it is good to be able to welcome to the Studio stage of the Lyric Hammer-smith a new company called Cut and Thrust. Their aims would seem a little vague ("to commission and produce new plays and adaptations in London and on tour"), but their opening season is nothing if not both highly specific and precisely rooted in the city where they now find themselves. "Hangover Square," which they open in a few days, is the adaptation of a little-known Patrick Hamilton novel of London life in 1938. "The Pursuit of the English," which they opened last week, is their adaptation of a better-known Doris Lessing novel of London life in 1949.



Berkoff in "Salome."

Unquestionably autobiographical, the novel concerned a South African writer arriving in postwar London to find a weird mix of rogues and vagabonds living a latter-day Dickensian existence in Soho and Earl's Court boarding-houses. Rapidly disillusioned of her initial expectations that London would prove "a city of dangerous nightclubs with a strong literary flavor," the writer (intelligently played by Pippa Guard as a woman already trying to work out how best to fit her new acquaintances into their correct chapters) discovers instead the bomb-damaged Bohemian survivors of another world doing their best to hunch into the brave new world of the 1950s.

The play concerns a tight-knit and usually street-smart community, living on the margin and desperately trying to scramble up — or at any rate not fall off — the new ladders that have been erected to build a postwar London. Some of the characters are dotty, lovable eccentrics ("You're not

black at all, are you?" asks one landlady, while staring at a whiter than usual face). Others are dangerous types already hovering on the borderlines of criminality. In pulling this wonderfully rich, if sometimes also rancid, goulash of humanity into some kind of shape, the director Matthew Francis has used old radio songs of the period and seems (although too young to have experienced much of it) well able to capture these fragments of a communal life that are now so firmly rooted in a lost world of rationing and baked beans on toast.

An immensely versatile company of seven play husbands and wives, lovers and parents and children, crooks and constables, all with warmth and accuracy. At the Bush, Christina Jones and Warren Wills have a new chamber opera called "Streetwalkers" based on the six "Harlots' Progress" drawings of William Hogarth, which tells the story of Mary Hackabout, a curate's daughter from Yorkshire who comes to London in

search of a husband and finds only death and destruction.

Last year, as one of the judges of the Vivian Ellis musical awards set on by the Guildhall, I thought that the earlier Jones and Wills score for "House of Obsession" showed immense promise and richly deserved its place in the finals. This year is less encouraging, perhaps because an edgy, interesting score is being brought up time and again against the impossibility of breathing much life into a series of six stage engravings.

Jones plays the central character as a suitably pallid victim of the civil ways of the big city, but nowhere in the plot is there any real energy or characterization, and time and again a song will start intriguingly enough, only to fail to catch fire.

Another "Rake's Progress" this is definitely not, and despite a new, interesting, almost "Threepenny Opera" quality, it sinks into a kind of periodic inertia from which nothing in Frances Joseph's production can revive or restore it, until at the last we get a sub-Sondheim chorale that sounds like the end of "Sunday in the Park with George" rewritten as a dirge instead of an anthem of hope. With the exception of one or two striking numbers, notably "Sparrowhawk," we are talking here of promise unfulfilled, and of composers lurking uneasily in search of their own voices.

Meanwhile, the Steven Berkoff "Salome," a riveting re-creation of Oscar Wilde's biblical folly, looks as though it will be at its new West End home (the Phoenix) for several months to come. All the same, I'd be inclined to book sooner rather than later.

Lastly an abject apology to the director Robert Cretney whom I accused in this column last week of being "late." He may, as he points out, occasionally be a little late for dinner parties but is not actually posthumous.

The Swiss CD Connection

'Doubtful' Discs Are Estimated at 3 Million a Year

By Mike Zwerin
International Herald Tribune

CANNES — The managing director of WEA Records, Switzerland, director of the Montreux Jazz Festival and a sort of one-man promotion office for both music and his country, Claude Nobs is one angry Swiss. After cleaning up on dirty money, he says, "now the Swiss are cleaning up on dirty music."

He calls them "doubtful" CDs. They are being distributed by labels called Joker, Starline, The Entertainer and Drive with parent companies in places like Liechtenstein and Milan. Vague and complex licensing agreements and an ambiguous Swiss law make them hard to stop. Nobs estimates the gross doubtful CD market totals 25 million Swiss francs (about \$16.7 million), about three million units.

He prefers the term "doubtful" to pirate. "They're only pirates if we win a law case," says Nobs, "and we're not at that point yet. It's all still very new. I'm still trying persuasion and reason."

"The root of the problem right now is Swiss copyright law," says Nobs. "Swiss law is an office of the Swiss government. They put on their stamp with the Swiss flag, which is a guarantee of legality. Swiss has been giving permission and licenses to just about anybody."

Nobs estimated 17 stands were selling "doubtful stuff" on MIDEM's trading floor. When he went to one of them and asked: "How do you think you're going to get away with this?" the man replied: "I paid the Swiss copyright." Nobs took out a disc and pointed to the label: "How can you pay it when you don't list the authors, you don't even know who wrote the tunes?" The man replied: "The label bought the rights from the care of it."

Nobs is on the warpath. Pacing his hotel room in Cannes during MIDEM, the recording industry's international marketplace, speaking quickly, waving his arms, he pulls out CDs of Swiss bones strewn about the room. He refers to thick volumes of Swiss law, comprehensive discographies listing all official, legal and alternate takes to prove that Ella Fitzgerald, never made a live recording of such and such a tune, as

you a tape of a Calixtus concert for \$1,000 and says he took care of the rights. You prefer to believe him. Still another variation: Press 2,000 legal CDs during the day and then an undeclared 5,000 at night.

"Swiss law is so bad," says Nobs, "that even if somebody is caught going too far, the maximum fine is 5,000 Swiss francs. And the pressing people have got to begin to take some of the responsibility. At the beginning there were only independent factories because the major companies were afraid CDs would never happen. When they were proved wrong, they invested in their own pressing plants and now we have huge overcapacity. The original smaller plants cannot be too choosy. Their prices are as cheap as you can get."

"There are no lawsuits so far because I thought that, with enough pressure and evidence from musicians, record companies and the media, they would be intelligent enough to stop it. But you know what Swiss told me? They said 'if we don't license it, somebody else will.' That's like saying if we don't sell crack somebody else will."

At 10:30 A.M. last Thursday, armed with affidavits from Quincy Jones, Aretha Franklin, Miles Davis and George Benson, the French police descended on the Baurer Records stand in the Palais des Festivals here and seized Swiss-stamped CDs being sold on a label called Drive.

"That's only the beginning," says Nobs. "I'll put the same pressure on everybody who tries to do this, from Portugal to Bangladesh."

The Swiss are cleaning up on dirty music.

claimed on the box, and that there are no legal recordings by Elvis on any label other than RCA.

Two engineers compare horizontal "soundprints" on a computer monitor. The prints, produced by a new software program called "Audiodiagnose," visualize 2/10ths of a second of a recording by Joe Turner called "Corrine, Corrina." On top is the left track of the original authorized LP, underneath it the right track of the "doubtful" CD, which is being billed as a new version. "Anybody who knows music," says Nobs, "can tell they are identical."

A three-CD box set (King) Cole collection has a \$12 sticker price. The price is cheap because so is the quality, and no royalties or rights are being paid.

There are many variations on "doubtful." A deal is made with a legal organization in another country with the convenient "assumption" that all rights have already been taken care of. It might even be guaranteed in writing. Or you copy an analog LP to a DAT tape and press CDs from it, scratches and all. Canned applause can be added to the original recording to feign a concert appearance. Or a guy sells

In March

The eyes of the property world will turn to the MIPIM fair in Cannes. But first they'll turn to the International Herald Tribune.

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PARIS 7th

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ACROSS

1 Said "I do"
4 Second chance
10 Chinese gelatin
14 Rocks at the bar
15 Auto's "face"
16 Tempo
17 Start of a quip
20 It springs eternal
21 Born, to fit
22 Drive forward
23 Convened
25 Wool producer

26 More of the quip
33 Kitchen utensil
34 Abnormal breathing sounds
35 Mate of 25
37 Exhort
38 Lincoln's logs?
39 Rani's garb
40 English heat measure: Abbr.
41 Mysterious biblical word
42 Was skittish

43 More of the quip
46 Cries of surprise
47 Far along in years
48 "Topsies" towers' city
51 Blenheim
53 Gumbo
57 End of the quip
61 Cleaving tool
62 Narrated again
63 Okla. city
64 Yearnings
65 Saved Dad the nuptial costs
66 "I am — a crook": Nixon

11 Pant
12 Long
13 Walk erratically
18 Rent payer
19 New Zealanders, informally
24 Spring mo.
25 Garden spot
26 Fort — Tex.
27 Debate
28 Russian mountains
29 Morocco's capital
30 Nobel Peace Prize winner
31 Orient Express, e.g.
32 Like a galley
33 Den denizen
34 — pleasures and palaces...
38 Company V.I.P.'s
39 What Peter Pan lost
41 Jerk
42 This goes with poivre
44 Reddies the cheeks
45 Esprit de corps

48 Uncertain: Slang
49 Body of knowledge
50 Something to pump
51 Fictional sleuth
52 Soaking wet
54 Asian title of respect
56 Freshen the décor
56 Premed course
58 Thru, in travel
59 — Any
60 Material

DOWN

1 "When You — Upon a Star"
2 Repeat
3 Area in an ocean floor
4 Past
5 ASAP
6 Toll road
7 Other
8 Entirety
9 Island necklace
10 Missing links?

Solution to Previous Puzzle

ARCS	PORT	SHANT
WEEK	OHIO	LIFER
UNDER	WOOD	AGREE
STEWED	AUTHORS	
ESSEME	SYCEE	
DEREK	ARRANT	
HOP	TEENIE	SUGAR
AVAIL	DINGS	PETE
HEROD	SNAPS	DOB
ANSWER	EDENS	CONSUL
DRUID	TOOTLE	
SAMOANS	TOOTLE	
CLOWN	OVERPRICE	
ALONG	NILE	EVER
MANSE	EELS	SERS

MEDIA MARKET

For Advertisers
Was Anyth...

WASHINGTON

had news of the lowest of the pro football players over the Denver Broncos and the Redskins. The Redskins were the favorite to win the Super Bowl. The Redskins were the favorite to win the Super Bowl. The Redskins were the favorite to win the Super Bowl.

THE HAPPIEST

those who appear on the cover of the magazine. The magazine is the most popular in the world. The magazine is the most popular in the world. The magazine is the most popular in the world.

CURRENCY

Currency	Rate
British Pound	1.64
French Franc	6.55
German Mark	3.36
Italian Lira	2036
Japanese Yen	163.6
Spanish Peseta	166.6
Swiss Franc	2.00
U.S. Dollar	1.00

INTEREST

Interest rates on various currencies and bonds. Interest rates on various currencies and bonds. Interest rates on various currencies and bonds.

Key Money Rates

Country	Rate
United States	1.00
Canada	0.75
United Kingdom	1.64
France	6.55
Germany	3.36
Italy	2036
Japan	163.6
Spain	166.6
Switzerland	2.00

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WEDNESDAY, JANUARY 31, 1990

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MEDIA MARKETS

For Advertisers, the Bowl Was Anything but Super

By Paul Farhi
Washington Post Service

WASHINGTON — For Super Bowl advertisers, the bad news was that Sunday's game received some of the lowest overall television ratings in the 24 years of the pro football contest. The worse news was that even those viewers who tuned in began clicking off their sets en masse early in the fourth quarter, as the San Francisco 49ers' 55-10 victory over the Denver Broncos was all but assured.

But advertisers and their agencies — who paid a record \$700,000 for 30 seconds of time on the telecast — have expressed only mild dismay over the A.C. Nielsen Co.'s preliminary audience estimates.

Few people in the business said they expected the game to be a ratings blockbuster, given widespread anticipation of a 49ers' victory and little prospect of a Denver-San Francisco match attracting overwhelming interest from the populous East Coast. Audience ratings in New York, the country's largest market, in fact, were lower than any major city except Miami.

"It looks like it turned out somewhat below average," said Stephen Leff, vice chairman of Backer Spielvogel Bates, a New York ad agency. But, he suggested, a relatively small audience had been expected anyway, and it could have been worse.

When the final ratings figures are in, most expect that Sunday's extravaganza will have drawn viewers in just under 37 million U.S. households — in the lingo of television advertising, a 40 rating.

That would make this year's lowest rated Super Bowl since 1971, when the erstwhile Baltimore Colts beat the Dallas Cowboys, 16-13, in a cliffhanger.

Fortunately for CBS, the network did not make any ratings promises to advertisers, who had been expecting a rating in the low 40s. The lack of a firm audience guarantee means that CBS won't have to provide advertisers with "make-goods" — free commercial air time to make up for the shortfall in expected audience. In the past, low ratings on such other big sports programs as the World Series and the Olympics have forced the networks to give away millions of dollars' worth of free air time.

THE HAPPIEST ADVERTISERS Monday were those whose ads appeared during the first half of the game. Coca-Cola Co., PepsiCo and Anheuser-Busch Inc. were among those whose expensive produced and heavily touted commercials showed up when audience ratings were highest; a Diet Pepsi ad starring Joe Montana, in fact, ran immediately after the 49er quarterback threw his first touchdown pass.

Not so lucky were Nike Inc., American Express Co., Delta Airlines and General Motors Corp.'s Pontiac division, among others, whose spots were placed late in the game. According to Arnold Chase, vice president of the BBDO ad agency, the total audience during the last half hour of the telecast was 20 percent under the average — a deflection reflecting the lopsided nature of the game.

"Anytime you go into the Super Bowl, that's the risk you take," said Scott Bedbury, Nike's advertising director. "In the scheme of things, it wasn't a disaster."

Kenneth Chennault, president of American Express's consumer credit-card group, whose new commercial featured Paul Newman riding a mini-motorcycle, said: "It's still the Super Bowl and there's nothing else to compare with it. When you look at the Super Bowl versus any other show, you still have to pick the Super Bowl as the best place to break a new campaign."

On the other hand, Mr. Chennault said his company would closely scrutinize the final ratings. If the numbers fell off dramatically late in the game, he said, "We may want to talk to the network."

Deutsche To Boost Capital

Bank Also Sets Dividend Increase

By Richard E. Smith
International Herald Tribune

FRANKFURT — Deutsche Bank AG, West Germany's largest commercial bank, announced on Tuesday its first dividend increase in seven years and its largest capital increase in history, moves that both reflect and support the country's economic boom.

Analysts said both the dividend and capital increases were at the higher range of expectations but were not surprising in view of the bank's recent results and its strong stock price.

The bank said that the dividend for 1989 will be raised to 14 Deutsche marks (\$8.37) per share from the 12 DM payout for each of the previous six years.

The capital increase is designed to raise 1.66 billion DM through an issue allowing stockholders to buy shares on a basis of one new share for 17 already held.

Analysts noted that the bank seems unlikely to undertake major new acquisitions in the near future but that it nevertheless probably wanted to beef up its reserves after last November's \$950 million (\$1.59 billion) takeover of the British merchant bank Morgan Grenfell Group PLC.

"They want to be ready to round out their holdings with small acquisitions, although they would probably buy a bank in France if the right one were available since this is the obvious gap in their European network," said Thomas Albrecht, a bank analyst at UBS/Phillips & Drew in London.

Perhaps the major incentive for a sizeable capital increase, however, is the strength of the Frankfurt stock exchange. Shares of Deutsche Bank have risen sharply along with the rest of the market and helped justify the hefty price tag of 600 DM for each new share in the rights issue. The price was only 450 DM in last year's issue.

West German banks stock their reserves with rights issues on a fairly regular basis, with Deutsche Bank making seven rights issues over the last decade.

Novo Carving Out Its Niche

By David Bartal
Special to the Herald Tribune

STOCKHOLM — Novo-Nordisk of Denmark, although a small pharmaceutical company by world standards, is holding its own with a strategy of specialization.

The company, with annual sales of 6.3 billion Danish kroner (\$97.7 million), has carved out strong positions in two niche markets: products for diabetes patients, and industrial enzymes.

This may seem like a narrow base, since the failure of either leg could bring the entire enterprise tumbling down, but Novo's management sees the specialization as a strength. It forces the company to scramble a little faster than its competitors to stay on top.

"We live and die with the success of those two businesses," says co-managing director Mads Olesen. "We are not involved in many different sectors. Relative to our size, and relative to the market, we spend a great deal on R & D. The name of the game for us is product innovation."

Novo-Nordisk was formed in April 1989 when Novo Industri A/S merged with its smaller Danish rival, Nordisk Gentofte A/S.

More than 20 percent of Novo-Nordisk's employees — 1,600 out of a workforce totaling 7,500 — are now engaged in research and development activities in diabetes, human growth, malfunctions, blood disorders, central nervous system disorders and industrial enzymes, which are proteins with catalytic properties used in products like detergents and processed foods.

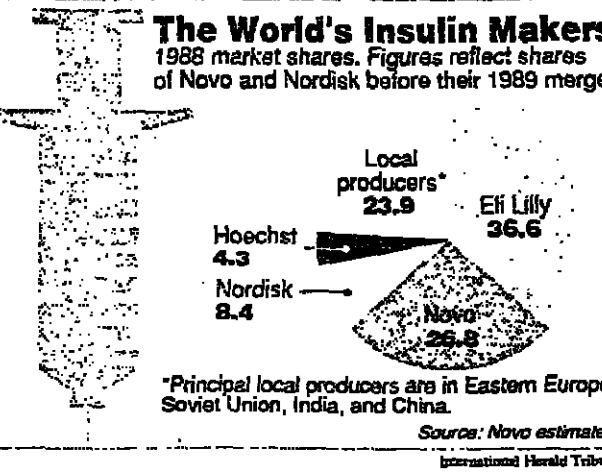
In 1988, the Copenhagen-based company that later joined spent 800 million kroner, or 12.6 percent of sales, on research and development.

In comparison, the U.S. Pharmaceutical Manufacturers' Association said U.S. pharmaceutical companies spent an average of 16.3 percent of sales on research and development in 1988, and 16.7 percent last year.

"Novo-Nordisk has the world's biggest R & D capacity relative to production," said Frans Hoyer, a Danish financial analyst with Voldmond Securities Ltd.

"Any future inventions within the insulin area will probably be made by Novo," he said.

Novo-Nordisk is the world's second-biggest manufacturer of insulin, which is used to treat diabetes, following Eli Lilly & Co. of the United States. Novo-Nordisk is also the world leader in industrial



*Principal local producers are in Eastern Europe, Soviet Union, India, and China.

Source: Novo estimates
International Herald Tribune

enzymes, with about half of the global market.

"The main challenge for our insulin business is to consolidate our market position," said co-managing director Mads Olesen.

"We have been losing market share for the past couple of years. We now need to stop that development, consolidate, and start to grow," said Mr. Olesen.

There are signs that the consolidated enterprise will now take a more aggressive stance in North America, where the low value of the dollar relative to the Danish krona has clobbered the firm over the past four years.

The company has also looked to a promising new product sector: central nervous system drugs.

"In three or four years, CNS might well be the tail wagging the dog," said Fred Greenberg, a partner in the New York money-management company ESG Partners who is a specialist in the health-care sector.

In the area of insulin manufacturing, both Novo Industri and Nordisk Gentofte had been using the newest techniques in protein and genetic engineering to develop pharmaceutical products. But at the time of their merger, Novo was roughly five times larger than Nordisk in sales and the size of its workforce.

"There is obviously a big rationalization potential in research and development as a result of the merger," said Michael Sjolund, an analyst with Kleinwort Benson in London.

One step in the restructuring process, announced in September 1989, will be consolidation of insulin-extraction processes at a single plant. An older Nordisk factory in Gentofte, Denmark, that employs 85 workers will be shut down at the

Japan Cautions Firms on Buying Spree Overseas

Reuters

TOKYO — The Japanese central bank warned Japanese companies on Tuesday that increasing their overseas investment might cause friction with other nations.

"Such trends, if they proliferated, could endanger the free trade system," the Bank of Japan said in a quarterly economic study, "thereby having negative implications for the world economy as well as the adjustment of global imbalances."

Although the government has informally urged Japanese companies to "use caution" in their overseas acquisitions, the central bank's comment is the most authoritative to date on the subject.

A string of recent Japanese acquisitions in the United States, including Sony Corp.'s takeover of Columbia Pictures, has sparked calls among U.S. lawmakers for curbs on foreign investment in the United States.

Japan's new direct investment abroad totaled \$30.8 billion during the first half of the fiscal year ending on March 31, up 31 percent from the same period in 1988-89, according to the latest government statistics.

Increasing investment abroad may provoke protectionist trade policies in other nations, the Bank of Japan said.

It predicted that Japan's trade surplus in volume terms would probably continue to decline in 1990. But the pace of reduction in dollar terms would slow because of a gradual increase in export prices and stable commodity prices.

The fall in the current-account surplus, which covers trade in goods and services, is also likely to slow as growing deficits in the travel and transport accounts are offset by a bigger surplus in investment income, the study said.

Japan's current-account surplus is expected to narrow to \$61 billion in the current fiscal year, from \$77.3 billion a year earlier, according to government estimates.

The trade surplus with the United States is expected to shrink somewhat, because export growth will slow due to increased car output in the United States by Japanese automakers, the Bank of Japan said.

Pact Unblocks Move to Reduce Tariffs by 30%

The Associated Press

GENEVA — World trade negotiators reached agreement Tuesday on a compromise approach to cutting import tariffs by at least 30 percent.

The deal unblocks several months of stalemate between the United States and the European Community and clears the way for an accord on tariff reductions to be signed in December, when it is hoped the current round of General Agreement on Tariff and Trade talks will end.

Under the new approach, individual countries have to submit their proposed tariff cuts to GATT by March 15.

Negotiators will then meet in April to discuss whether the proposals are sufficient to achieve an overall reduction of 30 percent in a nation's tariffs.

The compromise allows the 96 members of the Geneva-based GATT to select their own method of cutting tariffs.

East German 'Miracle' Is Possible, Pöhl Says

Compiled by Our Staff From Dispatches

NEW YORK — East Germany can achieve its own economic miracle if its reform program is sustained, Karl Otto Pöhl, president of West Germany's Bundesbank, said on Tuesday.

Speaking to the Economic Club of New York, Mr. Pöhl said that if East Germany were to restructure its economy, it could reap substantial economic gains.

"I believe in a relatively short time, East Germany could have the potential and opportunity to enjoy an economic miracle comparable to that experienced by West Germany from 1948 onwards," Mr. Pöhl said.

"Of all the countries of Eastern Europe, East Germany has by far the best chance of catching up with Western economic standards," he said.

If the reforms are undertaken quickly, Mr. Pöhl added, "a unification of the two German economies in a relatively short period of time seems to me conceivable."

Conversely, Mr. Pöhl warned that a slowdown in the liberalization of the East German economy, or a return to political repression, would result in a larger exodus of East Germans to the West. That could lead to the collapse of the East German economy, he said.

East Germany holds its first free elections on March 18. The elections, originally planned for May 6, were brought forward by two months because of threats to the stability of the East German government.

Mr. Pöhl said that if liberalization measures are sustained in Eastern Europe, the 1990s would be a decade of economic growth for the entire continent.

Specific liberalization measures mentioned by Mr. Pöhl included privatization of state enterprises, an end to price and rent controls, the introduction of realistic exchange rates, and progressive moves to full currency convertibility.

(AFP, Reuters)

In Argentina, a Battle To Revitalize Economy

Series of Surprise Steps by Menem

By Peter Passell
New York Times Service

NEW YORK — While most eyes are focused on economic and political events in Eastern Europe, dramatic changes are also convulsing Argentina.

The late of President Carlos Saul Menem's bold play to build overnight a modern, free-market economy hangs in the balance — and perhaps with it, the fate of Argentina's seven-year-old experiment in democracy.

After months of political honeymoon, during which Mr. Menem outlined his plans for revitalizing the economy and monthly inflation returned to single digits, prices again started to rise and the fragile social contract among labor, business and government again began to unravel.

The president responded by declaring war on financial speculation. And in the view of many analysts, the move has worked: his Jan. 3 freeze on bank savings deflated pressures for higher prices and brought the fortunes of Argentina's skittish middle class to the success of his economic program.

But Mario del Carril, a former Argentine diplomat who is now at the Carnegie Endowment for International Peace in Washington, argues that the move does not solve

the underlying problem. It only "buys time" — time for Menem to prove that he can break the power of entrenched interests.

When Mr. Menem ran for president last spring, he offered no hint that he was prepared to play economic disciplinarian. As the flamboyant governor of La Rioja, Argentina's poorest province, he had invented thousands of jobs for supporters and even printed his own money when the provincial treasury ran out.

As heir to the Peronist coalition, he was politically indebted to militant trade unions and inefficient industries. But once in office, Mr. Menem responded to the inflationary crisis with a program calculated to evoke the enthusiasm of the cost-eyed free-market technocrat.

He appointed as economy minister a conservative executive from Argentina's largest multinational corporation. He demanded wage restraint. He endorsed initiatives to sell off bloated, money-losing government enterprises, to slash "development" subsidies to politically connected businesses, to broaden the tax base and to encourage efficient foreign producers to compete in Argentina's industrial markets.

Inflation fell from almost 200 percent in July to just 6 percent in

See Argentina, Page 11



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The New York Times

Huge U.S. Write-Down Trims Elf's Profit

Compiled by Our Staff From Dispatches
PARIS — Elf Aquitaine, the French state-owned oil company, surprised analysts Tuesday by citing about 3 billion francs (\$530 million) from its 1989 profit to take account of a reduction in the value of U.S. assets.

Loïc le Floch-Prigent, president of Société Nationale Elf Aquitaine, said the company's net profit for the year was about 7.2 billion francs, roughly the same as in 1988, compared with widespread forecasts of 9 to 10 billion francs.

The announcement drove Elf's stock lower on a rising Paris Bourse, where it closed at 547 francs, down 10 francs after active trading. Analysts said that while the unexpected depreciation hit the 1989 results, it should help 1990 prospects.

Mr. le Floch-Prigent said Elf had written down by 3 billion francs the mineral-chemical assets of its 85

percent-owned U.S. unit, Texasgulf, in an exceptional depreciation. He said the decision to depreciate the assets followed a detailed appraisal of the value of all Elf's assets, but did not explain the move further. He also said that Texasgulf profits were satisfactory.

Without the 3 billion franc item, Mr. le Floch-Prigent said, profit was "up to" 10 billion francs, a nearly 40 percent increase from the 7.2 billion francs earned in 1988. Sales grew to an estimated 145 billion francs, from the 126.1 billion reported for 1988.

Mr. le Floch-Prigent said the company's earnings growth before the depreciation showed that Elf was soundly based for future expansion. He said his main aims were to raise Elf's oil and gas reserves by about 25 percent; expand international refining and marketing operations; and increase Elf's share price.

"The health of the company is extraordinary," Mr. le Floch-Prigent said.

For the first time, Elf's gas and oil production passed 40 million metric tons of oil equivalent and this would increase to 41.5 million tons this year, he said.

He also announced two new oil discoveries in Gabon, at the Eysas offshore field and onshore at Ogoon, and one in Angola.

Mr. le Floch-Prigent said Elf planned to acquire the British refining and distribution activities of the U.S. oil concern Amoco Corp., including a 70 percent stake in the Milford Haven refinery in Wales and 250 service stations.

Mr. le Floch-Prigent welcomed a French government plan to restructure the chemicals industry, saying it would give Elf "a consolidated and balanced portfolio." Under the plan, Elf is to take over two thirds of the chemical concern Orkem's activ-

ities before the middle of this year.

The Elf president said he wants to raise proven oil and gas reserves in the medium term to 500 million metric tons of petroleum equivalent, from the current 400 million, through exploration and acquisitions.

Exploration efforts would be concentrated in the Gulf of Guinea off West Africa, the North Sea, and other areas. Mr. le Floch-Prigent said Elf had sufficient funding to make the substantial investments needed to raise oil and gas reserves.

He gave no details of profit from downstream operations last year, which turned around a 658 million franc loss in 1988.

Mr. le Floch-Prigent also declined to comment on plans for Elf's 25 percent stake in Britain's Enterprise Oil PLC. Analysts have speculated that Elf might bid for Enterprise.

Berlusconi and Hersant Reach TV Agreement

Compiled by Our Staff From Dispatches
PARIS — Robert Hersant, the French press baron, and Silvio Berlusconi, the Italian media magnate, on Tuesday reached agreement after a four-month battle for control of the French television network La Cinq.

"An accord has been reached," the television network said in a statement.

But another partner in the network, Chargeurs SA, said in a statement that it was not a party to the accord because it "did not consider the draft agreement balanced" and because it wanted "to see La Cinq's management become more open and more efficient."

Chargeurs, headed by Jérôme Seydoux, holds a 6.9 percent stake in La Cinq. It recently sold its 54.58 percent share in a French domestic airline, Union de Transports Aériens, to Air France for 3.8 billion francs (\$669 million). Mr. Seydoux, who has been interested in media prospects since joining Mr. Berlusconi in La Cinq in 1986 and who holds a stake in British Satellite Broadcasting, is believed to be weighing investments in new fields, notably communications.

La Cinq's statement said Mr. Hersant remained president of the network and Mr. Berlusconi would remain vice president. Another investor, Jean-Marie Vernes, also approved the agreement, the statement said. Mr. Vernes, who has supported Mr. Hersant, controls 8.51 percent of La Cinq.

The La Cinq statement did not give details of the agreement, but the French financial press said that it included a 500 million franc capital-raising exercise.

Mr. Hersant and Mr. Berlusconi each hold a 25 percent stake in La Cinq and have been engaged in a bitter court battle for control of the network, despite the fact that it is a heavy loss-maker.

The trouble broke out in September, and since October Mr. Berlusconi

Investor's Europe				
Frankfurt	London	Paris		
Commerzbank	F.T. 100 Index	C.A.C. 40		
2300	2450	2100		
2200	2350	2000		
2100	2250	1900		
2000	2150	1800		
1900	2050	1700		
1800	1950	1600		
1700	1850	1500		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS General	112.80	111.50	+0.80
Brussels	Stock Index	6259.76	6248.50	+0.18
Frankfurt	Commerzbank	2238.10	2229.20	+0.04
Frankfurt	DAX	1812.90	1811.55	+0.07
Helsinki	UNITAS	660.80	664.00	-0.48
London	Financial Times 30	1853.00	1863.90	-0.58
London	FT-SE 100	2322.00	2328.80	-0.29
Madrid	General Index	279.49	277.85	+0.59
Milan	MIB	990	997	-0.70
Paris	CAC 40	1892.03	1904.71	-0.67
Stockholm	Affarsvaerden	1207.60	1205.80	+0.15
Zurich	SBS	639.50	638.50	+0.16

Sources: Datastream, AFP

International Herald Tribune

Générale Denies Deal For ACEC

BRUSSELS — Société Générale de Belgique, Belgium's largest company, on Tuesday denied again that it was negotiating the sale of a major stake in its metals arm, ACEC-Union Minière SA, to RIZ Corp. of Britain.

Générale repeated a denial it issued last Friday after the magazine *Swinground*, on Tuesday published further details of the company's alleged talks with RIZ. *Swinground*'s initial report on the alleged talks was published on Friday.

Générale also denied one of its metals subsidiaries, Vieille-Montagne SA, would sell its mine at Annaberg in Sweden. *Swinground* said the mine would be sold to either Sweden's Boliden Bergby AB or Outokumpu Oy of Finland.

Swinground's initial report last Friday on the alleged Générale-RIZ talks sent shares in ACEC-UM soaring in Brussels, forcing bourse authorities to suspend the stock.

Later the same day Générale denied the report and the Banking Commission, Belgium's securities watchdog, filed a suit against unknown parties — but not against *Swinground* itself — for manipulating the share by spreading false information.

Swinground said RIZ was prepared to pay between 14,600 (\$417) and 19,000 francs per share for a large holding in ACEC-UM — some three times the stock's current price of around 5,350 francs.

NatWest to Raise Dutch Bank Stake

AMSTERDAM — National Westminster Bank PLC plans to boost its stake in the Dutch bank F. van Lanschot Bankiers NV to 80 percent and use the unit to expand its Benelux operations, spokesmen for the two banks said Tuesday.

A spokesman for the Dutch bank said that NatWest had agreed to purchase a further 40 percent stake in van Lanschot from Rabobank Nederland BA, raising its holding to 80 percent.

The small Dutch bank will likely become the focus of NatWest ambitions in the region.

"NatWest has no presence in Luxembourg, where we set up an office a year ago," said the van Lanschot chairman, Jan Coes van Lanschot. "That base will be the vehicle for NatWest in Luxembourg."

The Dutch bank could also help expand NatWest's small Belgian operations as well as give the Brit-

ish bank an initial base in the Dutch Antilles, a van Lanschot spokesman said.

Van Lanschot, the 11th largest Dutch bank with a 1988 balance sheet total of 6.69 billion guilders (\$3.55 billion), offers a full range of banking services to medium-sized business and high-income private clients in the Benelux countries.

Talks between NatWest, Rabobank and van Lanschot began last April as van Lanschot and Rabobank increasingly became competitors in the Dutch market.

NatWest, which bought a 40 percent stake in van Lanschot in 1974, has long said it wanted to raise its stake to at least 75 percent.

NatWest's head of international business planning, Brian Duggan, said: "NatWest already has representations in 10 EC countries. Some of them are quite small but we would hope to grow." He declined to give the price of the additional 40 percent stake in van Lanschot.

Rabobank was formed in 1972 from a merger of two cooperative agricultural banks and has since developed a full range of banking services.

"The synergistic effects of our cooperation with Rabo decreased over time," Mr. van Lanschot said. "Rabo has very strong expansion plans and we were no part of them."

Through the increased cooperation with NatWest, van Lanschot will be able to offer clients a sizeable international banking network while becoming the obvious Dutch outlet for NatWest's international client base, said Bart le Blanc, the van Lanschot vice chairman.

But he stressed van Lanschot would continue to operate under its own name and that 20 percent of van Lanschot stock would remain in Dutch hands.

"Van Lanschot does not want to become a mass retail bank and that NatWest's intentions," Mr. le Blanc said.

Czech Engineering Firm Seeking Link-Up With the West

PRAGUE — Skoda, Czechoslovakia's largest machine-building concern, is seeking links with a Western partner in anticipation of passage later this year of a law allowing foreign investment.

The vice-president and commercial director of Skoda, Miloslav Miks, said the concern is talking to Western companies, including General Electric Co. of the United States, Siemens AG of West Germany and the Swedish-Swiss company ASEA Brown Boveri about their possible acquisition of stakes in Skoda.

"It is our intention to open our business to Western companies," Mr. Miks said.

He said that discussions had been under way since December and were expected to last several months.

"I hope we'll be the first company in Czechoslovakia to do it and we can set an example for others," he said.

Mr. Miks said the draft law being discussed by Czechoslovakia's new government would determine the level of foreign participation allowed in firms. The amount each Western company is willing to in-

vest in Skoda would depend on this law.

Skoda, one of Eastern Europe's largest engineering concerns, employs 70,000 people and has total sales of around 19 billion koruna, or about \$1.15 billion, Mr. Miks said.

The company is discussing joint ventures in the fields of energy technology and electrochemical equipment, the executive said.

General Electric is interested in buying up to 30 percent of Skoda's engineering capacity, he said.

Skoda's car unit, which recently hit production troubles after an amnesty by President Vaclav Havel

split off from the main firm after World War II. Mr. Miks said the two sides hoped to reunite.

Earlier this month, a private U.S. bicycle maker also announced it was seeking a joint venture with a Czechoslovak firm, subject to conditions of forthcoming legislation.

Since a wave of political and economic change swept through Eastern Europe last year, a flurry of deals have been announced by Western and Japanese companies seeking to do business in newly opened countries like Hungary, Yugoslavia and Poland.

Ferranti discovered in September last year that it had lost some \$215 million on alleged false contracts on the books of its U.S. subsidiary International Signal & Control, which it bought in 1987.

It has since been seeking a buyer or a partner, and earlier this month agreed to sell its defense-systems division to General Electric Co. of Britain for \$310 million. The sale included a 50 percent stake in the Italian subsidiary Ferranti Italia; Ferranti has since sold the remain-

ing 50 percent to Finmeccanica of Italy.

Ferranti is also negotiating with several concerns to sell its U.S. weapons subsidiary, Marquardt & Co., which should bring in some \$100 million.

The Financial Times reported Tuesday that Ferranti was to ask for \$400 million in damages from Peat Marwick McLintock, former auditor of the International Signal accounts. Ferranti has accused Peat Marwick of negligence in the presentation of the accounts when Ferranti acquired the company.

Bank Boosts Kronor Deals

STOCKHOLM — The Swedish central bank said Tuesday it has increased its kronor trading with the few banks still operating on the domestic market in order to keep the currency stable during the present bank strike.

"The market is so thin at the moment that even small volumes of trade could easily move" the currency, said Ragnar Gustavii, head of the bank's credit and currency market operations.

"While we always do quote prices to some extent, we have become a big participant in the market during the strike in order to pursue our foreign exchange policy," he said.

Swedish banks are closed because of a wage dispute between

the bank employers' organization, known as the BAO, and the employees' union.

Only six foreign-owned banks that are not members of the BAO are still operating.

Mr. Gustavii said these banks were finding it difficult to match deals in thin interbank trade. Instead, over 80 percent of all currency transactions were now being made with the central bank, he estimated.

Dealers said the kronor traded in the range of 6.1125 to 6.1225 against the dollar, compared with 6.1350 at Friday's close, and at 132.20 against its trade-weighted basket of currencies compared with 132.26 on Friday.

The BAO said Tuesday it was awaiting a new initiative from the employees' union.

NOVO: Pharmaceutical Firm Focuses on Research

(Continued from first finance page)
company's diabetes care and other pharmaceutical products, a function previously handled by Squibb Corp. of the United States. One negative result of the change: Novo was forced to buy back 90 million kroner worth of inventories.

The new company, Novo-Nordisk Pharmaceuticals Inc., is headquartered in Princeton, New Jersey.

"I really like the idea that they are taking over their own marketing in the United States," said Mr. Greenberg. He termed Novo-Nordisk stock "a good value." Other analysts commented in Denmark, Sweden, and London were also bullish on Novo.

"Their earnings record has been very bad," said the Kleinwort Benson analyst, Michael Sjolow. "They have been affected by the weakness of the dollar. However, it looks like they are now starting to move up. We think their stock is cheap."

During the first nine months of 1989, Novo reported net sales of 5,499 billion kroner, up 14 percent from the pro forma figures for 1988. Pre-tax income grew 6 percent to 858 million kroner, from 809 million kroner in 1988. Several analysts outside of Denmark say this was a surprisingly good result, considering one-time costs associated with the merger.

Novo's management aims to increase pretax income this year by 12 to 15 percent.

Over 200 people are currently engaged in research at Novo in the new central nervous system product area. Together with firms like Squibb, and SmithKline Beecham Corp. and Boehringer Inc., the Danish firm is developing psychiatric drugs that can be used to treat depression and anxiety, epilepsy, Parkinson's disease and schizophrenia.

In all, Novo-Nordisk markets its products in 120 countries. Its B shares are listed on stock exchanges in Copenhagen, London, Basel, Zurich and Geneva, while its ADRs are listed on the New York Stock exchange.

All A shares, representing 14.6 percent of the total stock outstanding (and the equivalent of 68 percent of the votes), are held by a private charitable foundation that promotes medical research.

Novo's biotechnology group — which handles industrial enzymes — posted sales of 1,676 billion kroner for the first nine months of 1989, compared with 1,401 billion kroner last year. The company's goal in this sector is to maintain its market share and to increase the size of the total market.

"We already have nice positions in enzymes used in detergents, tex-

tiles and starch industries. We now have to find new applications. You can not grow fast enough just by increasing market share," Mr. Olesen noted.

Novo-Nordisk is currently working on a new enzyme that may be used for bleaching in the paper and pulp industry.

The enzyme-bleaching method could mean a cheap alternative to the chlorine-based process currently used to bleach paper and pulp, which is widely criticized on environmental grounds.

"We are running plant-size trials right now on enzyme bleach process," said Mr. Olesen. The Danish executive refused to divulge which forestry company is co-operating with Novo.

Novo-Nordisk is also working on biotechnical plant protection agents, herbicides and pesticides, to be used, for example, in the forestry industry to protect seedlings.

"If we develop a biological agent which is very specific against the Colorado beetle, it would leave positive insects like lady bugs alone," Mr. Olesen said. "Because it is biodegradable, it would not enter the food chain."

The detergent industry currently accounts for about 46 percent of Novo's enzyme sales. These enzymes are used to dissolve proteins, fats and greases.

ARGENTINA: Menem Battles to Revivify Economy

(Continued from first finance page)
October on the strength of wage-price guidelines that Mr. Menem battled business and labor into accepting. That, in turn, narrowed the government budget deficit, which had ballooned in previous months as expenses raced ahead of tax collections.

The list of import items protected from foreign competition was cut to 100 from 800. Ambitious plans were drafted to sell off railroads, television networks, the telephone monopoly, the national oil company and the national airline.

Public utilities' prices were raised to reduce losses and public-enterprise subsidies were scheduled for elimination by 1991. A bill extending the national sales tax to most products was submitted to Congress.

But as Mr. Menem points out, "the inflationary memory of Argentina kept the economy on a knife edge."

Those looking for glimmers of the blade began to spot them. William Cline, an economist at the Institute for International Economics in Washington, believes the Menem administration first stumbled in October, when it failed to oppose a 70 percent wage increase over six months, negotiated by big labor and big business.

The perception of weakness was

compounded by delays in designing a credible means for collecting the new sales tax. The public's fear of getting stuck with depreciated currency proved self-fulfilling, as anxious Argentines rushed to exchange Argentine australs for dollars.

Inflation, a mere 7 percent in November, exploded to 40 percent in December when the government was forced to devalue the austral to conserve its rapidly depleting stash of foreign exchange. And the Dec. 15 replacement of the conservative economy minister, Nestor Rapanelli, with Antonio Erman González, a political intimate of Mr. Menem, was widely seen as a sign that the president was retreating to the Peronist bunkers.

But the Menem administration again confounded the pundits. Mr. Erman González reaffirmed the commitment to free markets by allowing the austral to float freely and removing vestiges of price controls.

Mr. Menem's advisers briefly considered a plan to "dollarize" the economy, a tactic that would have eliminated the government's discretion to print money by making the U.S. dollar the legal currency of Argentina.

Roughly 4 trillion australs were in circulation, while foreign currency in the Treasury totaled only \$1 billion. Thus, speculators reasoned,

the government would buy back the australs at a rate of 4,000 to the dollar.

Anticipating the announcement, Argentines rushed to trade australs for dollars and drove the exchange rate, which had been about 1,000 australs to the dollar before Christmas, to 3,800 by New Year's weekend. Merchants jacked up prices accordingly.

Once again it was the government's turn to surprise. Mr. Menem's breathtakingly radical response was to disable the engine of currency speculation.

Argentines, rich and not so rich, had grown accustomed to keeping most of their australs in interest-bearing seven-day savings certificates at banks. The banks, in turn, had lent the money to the Treasury to finance the national debt.

On Jan. 3, the Menem administration short-circuited the arrangement, converting all but a million australs of each depositor's savings into 10-year government bonds with interest and principal guaranteed in dollars. The bonds can be used at face value to pay taxes.

Yet because of widespread skepticism about the government's ability to honor the dollar guarantee, they traded at less than half the face value on the free market. The conversion thus amounted to confiscation of financial assets worth close to \$2 billion.

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(Reuters)

Crisis at Apple: Can Sculley Restore the Shine This Time?

By Evelyn Richards
Washington Post Service

PALO ALTO, California — In the summer of 1985, Apple Computer Inc.'s days as Wall Street's darling looked numbered. The co-founder, Steven P. Jobs, had just been stripped of power, sales were tumbling and more than 1,000 people had lost their jobs.

President John Sculley proved then that he could function under pressure and in the process repulsed Apple's image. Now, he is being called on to do it again as Apple faces new crises, from slumping profits to a management shakeup that has left the company's top marketing post vacant.

But not everyone is convinced he can do it again. "John's invincibility is being questioned," said a former Apple executive. Said another executive who works closely with the company: "Eventually the buck has to stop at Sculley."

Apple has prospered since Mr. Sculley was hired away from PepsiCo in 1983, growing from \$1 billion in sales then to \$5 billion. But much of that success has come from enhancing the Macintosh computer, created under Mr. Jobs.

Under Mr. Sculley, the company has seemed always to be in the midst of chaotic reorganization. As marketing strategies flip-flopped — from a focus on consumers to small businesses to schools to large corporations — at least five top sales and marketing executives quit in as many years.

The nomination of Michael Spindler to replace Allan Loren, who had been president of domestic sales for only 17 months, comes at a time when many in the computer industry are criticizing Mr. Sculley for abandoning the evangelical mission espoused by Mr. Jobs: to provide computers for everyone.

While Mr. Loren helped bring corporate customers into the Apple fold, the com-

pany's focus on business-oriented desktop computers and a new high-priced portable Macintosh came at the expense of sales in the under-\$1,500 range.

The weakness at the low end contributed to Apple's disappointing revenue gain of 6 percent in the usually strong Christmas quarter and leaves the firm vulnerable to inroads by its rival, International Business Machines Corp., into the school market.

With Mr. Spindler's appointment as chief operating officer, Mr. Sculley may have signaled a shift back to Apple's spiritual roots. A 10-year national credited with Apple's success in Europe, will also be taking over the manufacturing responsibilities now held by Jean-Louis Gasse.

The appointment represents another switch in Mr. Sculley's organization chart. This week's changes are at least the fourth major executive-suite realignment since 1985 and are a return to a structure in place as recently as August 1988.

At that time, Mr. Sculley abandoned the post of chief operating officer and removed from the job Delbert Yocum, another 10-year employee who left two months ago.

More Shifts Expected

Computer industry executives and analysts expect other high officials in Apple USA to leave the company or be moved to new positions, Andrew Pollack of The New York Times reported.

"That organization is in for a cleansing," said an industry executive familiar with the situation. "I think there is going to continue to be some disarray in the marketing organization for some time."

But analysts and Apple executives said that Mr. Spindler, who will take his new job immediately, has been one of Apple's most brilliant market strategists and is largely responsible for the rapid growth of Apple's European operations.

In the company's 1989 financial year,

which ended last September, sales in Europe were \$1.2 billion, more than double the \$467 million two years earlier. U.S. operations have grown more slowly, particularly in the last year.

"He's just dynamite," said Charles R. Wolf, personal computer analyst for First Boston Corp., who toured Apple's European operations in December. "If there's one person who could manage the company arguably as well as Sculley, it's Spindler."

To revive Apple sales in the United States, analysts and insiders say, Mr. Spindler might try some of the tactics he used in Europe. One approach is to have dealers who sell only Apple products.

Mr. Spindler will be in charge of Apple USA, Apple Europe and Apple Pacific, as well as worldwide product marketing and manufacturing.

He will also serve as acting president of Apple USA, the position vacated by Mr. Loren, until a replacement can be hired.

IBM and Motorola Set New Radio Data Service

Reuters

NEW YORK — International Business Machines Corp. and Motorola Inc. said Tuesday that they had formed a new company to provide a nationwide radio data information service giving workers interactive access to computer databases.

The new company, ARDIS, will begin full commercial operation in early April and provide immediate service to more than 6,000 municipalities in all 50 U.S. states. The service will use IBM's nationwide private radio data system and Motorola's shared-use radio data network, the companies said.

Motorola designed, manufactured and installed IBM's radio data network in 1983. The network is used by 16,000 IBM service per-

sonnel and 2,000 service workers in its Robin telecommunications unit. "In essence, ARDIS is taking the personal computer out of the office, putting it in a vehicle or a mobile two-way radio," said Art Sunday, president of Motorola's communications division.

Senior IBM executives have cited the mobile radio network as a major advantage when other communications lines are not available or are damaged.

For example, during the northern California earthquake last October, IBM field workers used the radio data network to communicate with service personnel at other sites and with central offices when telephone lines or electricity were not available.

"We believe that ARDIS will be a key stimulant to a multibillion-dollar market opportunity," said Jack Blumenstein, president of the new company.

ARDIS said it will work with customers through its own direct sales and support organization, through IBM and Motorola and through consultants, systems integrators and other vendors.

ARDIS said it will target airlines, insurance representatives, realtors and brokers as well as courier, security, news media, utility and manufacturing businesses.

New York Life Insurance Co. and Sears, Roebuck & Co. said they would be among the initial group of major corporations evaluating and testing the ARDIS data radio network service.

Japan Car Exports Off

The Associated Press

TOKYO — Japan's exports of cars, trucks and buses fell 3.6 percent to 5.88 million vehicles in 1989, the fourth consecutive year of decline, the Japan Automobile Manufacturers Association said Tuesday.

The association said the main reason for the drop was a 9.9 percent decline in exports to the United States, where local production of Japanese cars is expanding.

It said six Japanese makers produced 1.25 million vehicles in the United States in 1989, up 40.6 percent from 1988. Meanwhile, exports to the United States from Japan fell to 2.43 million vehicles.

Globally, Japan exported 4.39 cars in 1989, down 0.9 percent from 1988: 1.46 million trucks, down 10.4 percent, and 35,149 buses, down 23.1 percent, the association said.

Japan produced a record 13,023 million motor vehicles in 1989, up 2.6 percent from the previous year, and 7.26 million vehicles were sold in Japan, up 8 percent.

RATES: Relentless Rises in U.S. Increase the Potential for a Slide Into Recession

(Continued from page 1)

the year that the economy was headed for a soft landing, that the Federal Reserve would ease and interest rates would come down, said A.I. Goldman of A.G. Edwards & Sons. "Wrong. Wrong. Wrong."

February shapes up as a crucial month for the U.S. economy, because of the regular quarterly auction of Treasury bonds to underwrite the government's budget deficit.

Japanese purchases of U.S. bonds, as well as stocks, have topped up the meager U.S. savings pool through most of the past de-

cade and helped keep interest rates down.

According to estimates by David H. Ressler of Nomura Securities in New York, the Japanese bought about \$50 billion-worth of U.S. stocks and bonds in 1986, the high point for these markets, and during the past two years bought about \$36 billion annually.

Last year, purchases slipped to \$20 billion or \$25 billion, and the Japanese went into direct investment in U.S. companies and real estate.

So far, they have stayed out of this year's bond auctions as their domestic interest rates rose, so the

big question is: What will they buy next month?

Analysts say that as every day passes, that is the wrong question. The right one is: how much must the United States pay to get their money? The steady rise in interest rates is part of the answer, and the return of inflation expectations is part of the cause.

"Japan and Germany have simply lost patience with the anti-inflation policy of the United States," said Steven Axilrod, a former senior Fed official who now is vice chairman of Nikko Securities in the United States, "and they are raising rates because they are looking out for themselves."

Judging by past spreads between real yields — after factoring out inflation — in the United States and Japan, Mr. Ressler and other specialists figure that rates have to go up a little more, and the dollar has to drop to make the Japanese more comfortable in investing their yen.

What is really going on, said Francis A. Scotland, editor of the Bank Credit Analyst in Montreal, is an international squeeze on credit, with major countries bidding up interest rates.

West Germany, he said, is bidding up rates because it needs money to invest in Eastern Europe,

while Japan needs to invest in Asia.

Mr. Scotland said the internationalists who value cooperation with the United States have lost to central bankers who concentrate on domestic inflation and investment targets. This makes for a world liquidity squeeze similar to that of 1980 and 1981, and before that, following the first oil shock in 1974.

In his speech to Congress, Mr. Greenspan said that last week's data showing that real U.S. gross national product rose at a 0.5 percent annual rate in the fourth quarter of 1989 indicated that business activity had slowed.

NYSE

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High Low Stock Div Yld PE 52 Wk High Low 1989 P/E Ratio	12 Month High Low Stock Div Yld PE 52 Wk High Low 1989 P/E Ratio	12 Month High Low Stock Div Yld PE 52 Wk High Low 1989 P/E Ratio	12 Month High Low Stock Div Yld PE 52 Wk High Low 1989 P/E Ratio
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Ireland	IrL	155	136
Italy	Lire	420,000	308,000
Luxembourg	L.Fr.	11,000	7,200
Netherlands	Fl.	600	492
Norway (airmail)	N.Kr.	2,000	1,640
—hand delivery	N.Kr.	2,500	1,140
Portugal	Esc.	29,000	32,880
Spain (mail)	Ptas.	32,000	28,060
—hand delivery Barcelona, Bilbao, Seville	Ptas.	32,000	28,060
—hand delivery Madrid	Ptas.	51,480	—
Sweden (airmail)	S.Kr.	2,000	1,640
—hand delivery	S.Kr.	2,500	1,140
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SPORTS

VANTAGE POINT/Dave Anderson

Owner's No-Skimp Policy Built 49er Dynasty

New York Times Service

NEW ORLEANS — Whenever a sports franchise is consistently successful, people nod, wink and say, "It starts at the top."

And after the San Francisco 49ers retained the Super Bowl championship with a 55-10 rout of the Denver Broncos, their man at the top, their owner and president, Edward J. DeBartolo Jr., was about to accept the Vince Lombardi Trophy on a platform in the locker room.

"C'mon, Mr. D. stand up," joked Jamie Williams, a 49er tight end.

Mr. D, who isn't much bigger than the shining silver trophy, was standing up. But he has stood tall for the 49ers ever since 1977 when he purchased what was then a struggling football franchise.

With three Super Bowl titles in six seasons and four in nine, the 47-year-old Mr. D is now to the 49ers what the venerable Art Rooney was to the Pittsburgh Steelers of the 70s.

"The less disgruntled employees you have, the more they feel like playing for you," Guy McIntyre, a 49er guard, said. "I think Mr. D strives to be the best. You can see it in his shopping malls."



Edward J. DeBartolo Jr.

Then he does the little things. He cares about people. He goes that extra mile with you and you want to play your best."

Coincidentally, the DeBartolo Corp., one of the largest real-estate developers in the United States, constructed the New Or-

leans Centre, which is adjacent to the Louisiana Superdome.

But the success of the 49ers is Mr. D's super sports mall. And in supporting that success, he has put his money where his heart is.

When the 49ers needed a bigger practice complex, he built one as stylish as a resort. The team travels in wide-body jets with lavish meals. Each player is assigned a single hotel room. And the 49ers have the National Football League's highest payroll, one that will surely be even higher.

"Even before Joe Montana's five touchdowns passes, Eddie told me he wanted to reconsider Joe's contract," said Bob Woolf, attorney for the 49er quarterback. "Lots of teams pretend they're a family, then they mistreat their players. But not the 49ers."

Woolf said Montana has three more years on a contract that averages \$2.65 million a season. Considering the 49er quarterback's accomplishments, that's a bargain. Especially when next season Montana will be 34 years old and he cannot be expected to get any better.

But with Randall Cunningham of the Philadelphia Eagles having

signed a five-year contract worth about \$3 million annually, DeBartolo does not want Montana to feel underpaid.

If that's so, if that's DeBartolo's way of saying, "If I've got the best quarterback, I've got to have the best paid quarterback," so be it.

But unlike some club owners, Mr. D's ego seldom flashes. Unlike some club owners, he does not meddle with the franchise.

Just as he let Bill Walsh operate the 49ers as coach and general manager for a decade, he let George Seifert coach and the front office make the football decisions this season.

"He knows football," John McVay, the 49ers' vice president for football operations said, "but he's never come down and asked, 'Why don't you run off tackle more?'"

That's the difference between Mr. D and too many other club owners.

In Mr. D's first two seasons as owner, the 49ers had 5-9 and 2-14 records, prompting the hiring of Walsh in 1979 as coach and general manager. But when the 49ers went 2-14 in Walsh's first season and 6-10 in 1980, Mr. D did not panic.

His patience was rewarded when the 1981 team won the first of the 49ers' four Super Bowl trophies. And when Walsh retired a year ago with a third Super Bowl ring, Mr. D wisely maintained the aura by naming one of Walsh's assistants, Seifert, as head coach.

"He's created a family, a sincere emotional feeling," Seifert said Monday. "It's something Eddie has an ability to do. And if we need something, he allows us to get it."

As the best backup quarterback in the National Football League, Steve Young will be earning nearly \$1 million next season. When injuries threatened the 49ers' depth during the recent season, they signed expensive experienced replacements: Jim Bur, Matt Millen and Pete Kugler.

But after his locker room dousing with cold water by Eric Wright, a 49er cornerback, Mr. D didn't flinch in the celebration.

"Mr. D is back at the hotel party," McVay said. "Waiting to hug all his players."

Where Green Tea Goes With Super Bowl

By Fred Hiatt

Washington Post Service

TOKYO — The newscasters sat on a tatami-mat floor, watching from a specially prepared Japanese-style studio. Above the sliding paper-screen door, the ink calligraphy said "Su-pa-bo-ru."

"Here in Japan we can sip green tea and eat mikan [mandarin oranges] while we enjoy the Super Bowl," said the young announcer, Mami Yonemori, pointing to refreshments on the low table in front of her. "In America they're probably watching with cookies and milk."

So much for international understanding.

Though it missed the connection between football and beer and pretzels, the Nippon Television network spared no effort in helping Japanese viewers understand the American spectacle from New Orleans. Yonemori even had a Snoopy doll in the

studio to explain the halftime show, which celebrated the 40th birthday of the cartoon character.

NTV broadcasted what it called the "Toshiba America Bowl Special" — Toshiba Corp. was the main sponsor — live on Monday.

It was the second year of broadcasting the event.

NTV sent four commentators to New Orleans, including the retired baseball hero Shigeo Nagashima, and the composer-actor Ryusaku Sakamoto, known to American moviegoers for his music and acting in "The Last Emperor."

Sakamoto, attending his first Super Bowl, said, "There are no words to express my excitement." With some embarrassment, he lifted his red shirt to show a San Francisco 49ers T-shirt, and said he hoped to be asked to compose music for the halftime show next year.

Also providing commentary from New Orleans was Hideki Matsuo, a quarterback in the Japanese industrial football league, Toshiba Minami, who covers football for NTV, said in an interview that American-style football — until recently virtually unknown here — is "growing more and more popular in Japan," especially in the industrial league of teams sponsored by banks and trading houses.

The championship this month between the top industrial team and the top university team, known as the Rice Bowl, drew more than 60,000 fans to Tokyo National Stadium, Minami said.

Like announcers anywhere, the Japanese commentators tried to keep fans tuned in by promising that John Elway could bring the Denver Broncos roaring back with a few long passes. But despite their best efforts, Minami admitted, "This year's game was too one-sided."

U.S. Daily Gambling on Sports Junkies

By Howard Kurtz

Washington Post Service

NEW YORK — Striding through his new high-tech newsroom on Fifth Avenue, Frank Deford says with a chuckle that he has exposed "the dirty little secret" of newspaper publishers — that more readers buy papers for the sports section than anyone would like to admit.

For 11 months, Deford has been assembling an all-star staff for the National, a daily sports tabloid of 32 to 48 pages that will hit the newsstands Wednesday in New York, Chicago and Los Angeles. By dangling \$200,000-plus salaries before some of the top sports columnists in the United States, he has landed Mike Lupica of the New York Daily News, Scott Ostler of the Los Angeles Times, Dave Kindred of the Atlanta Journal-Constitution and a host of lesser-known scribes.

These free-agent signings have sparked a bidding war for those who normally chronicle the strategic salary negotiations of star athletes.

"It proved that sportswriters in this country are tremendously underpaid," said Deford, who left Sports Illustrated after 27 years to run the new paper. "The dirty little secret was true. A lot of people did indeed make more money using us as leverage."

If this 50-cent tabloid can put up the numbers, the lessons for publishers will reverberate far beyond the world of sports. At a time when obituaries for big-city U.S. papers have become commonplace, launching the first national sports newspaper amounts to a \$25-million roll of the dice, a gamble based more on gut instinct than marketing studies.

The National will get into the game with an initial press run of 250,000 for the three metropolitan editions. A Washington-Baltimore edition is to be launched in late summer. The paper plans to hit 25 major domestic markets by the end of 1991 with a projected circulation of 600,000 and, according to an aide to Deford, plans to publish in Europe within three years, aiming coverage at both American expats and Europeans interested in U.S. sports.

It does not expect to turn a profit for three to five years.

Deford's staff has been putting out dry-run editions, with real stories and real game coverage, for the past two weeks. A recent four-color mock-up of the New York edition

had a heavy hometown flavor, with cover headlines about the Knicks, Nets and Islanders.

But the inside pages reflect the assumption that the average sports fan is hungry for national coverage. The crisp, modern layout was sprinkled with pieces on baseball negotiations, the Australian Open, golf and tennis notes, basketball news, a gossip page, an editorial and a magazine-length feature (called Main Event) on New Or-

The man bankrolling the paper is Emilio Azcaraga, owner of Telemex, a Mexican company that is the world's largest supplier of TV programming.

Last winter, Azcaraga and Peter Price, then publisher of the New York Post, decided that there was no reason an American sports paper could not be as successful as those in Mexico, Spain, Italy, even the Soviet Union. Price signed on as publisher and hired Deford as

Islanders, Devils and some college sports.

Asked why a cabdriver in Brooklyn would buy the National instead of, say, the Daily News, Azcaraga said even parochial New York fans are interested in other teams in the age of cable television. "We're mirroring the local coverage of the Daily News and the national coverage of USA Today," he said.

The National will rely on satellite technology to print in three time zones. In a departure from standard industry economics, it is using leased offices, leased trucks and leased printing plants to hold down costs.

But the paper is sparing no expense on promotion. As part of a \$10-million advertising campaign, subway billboards here are comparing the National's Jan. 31 debut to famous dates in New York sports history.

The National's approach baffles some. Jerry Nachman, editor of the New York Post, thinks most readers are too "jaded" to care passionately about athletic combat beyond their local area.

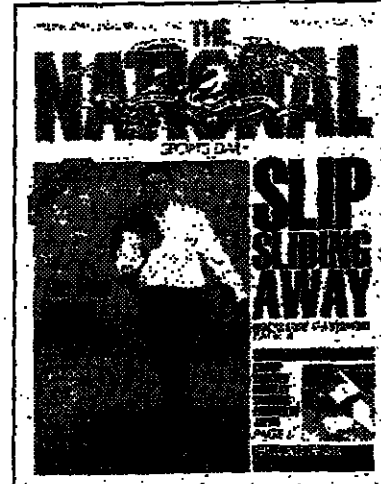
"With the talent they're cherry-picking, there's no question [the National] is going to be a formidable journalistic enterprise," Nachman says. "But unless you're a junkie, there's no compelling reason to buy it. The question is, what is the size of the junkie universe?"

Deford sees the Sunday-to-Friday paper creating its own market, particularly among younger men who do not currently read newspapers and fans who would buy a second paper for more complete coverage.

"Why is The Wall Street Journal better than any business section in the country?" he asks. "You get the soybean tables in there. That's the simple analogy. Not only is the National giving you the local [sports] news to match, say, The Washington Post, but it's giving you more national and international news that you can't get in The Washington Post, because The Washington Post also has to concern itself with Eastern Europe and the stock market."

Still, even an all-sports paper has to draw the line somewhere. "No hunting and fishing, no bowling, no hiking, no jogging," Deford said flatly. "We're a marquee sports paper."

"If this paper succeeds, it would suggest there's a place for niche publishing for newspapers as well as magazines," Deford said.



If The National, a 50-cent tabloid, can put up the numbers, the lessons for U.S. publishers will reverberate far beyond the world of sports.

editor, a move meant to convince skeptics that this was more than just a "crazy screwball paper," as Deford put it.

The New York edition is being run by Peter Alfano, a former New York Times sportswriter who drew heavily on the local tabloids in stitching together his staff. "We're pretty much spread thin because we have so many teams," he said, ticking off 10 beat reporters who will cover the Yankees, Mets, Giants, Jets, Knicks, Nets, Rangers,

BOOKS

DAY OF TWO SUNS: U.S. Nuclear Testing and the Pacific Islanders

By Jane Dibbin. Maps. 299 pages. \$24.95 hardcover; \$12.95 paperback. New Amsterdam Books, 171 Madison Avenue, New York, N.Y. 10016

Reviewed by Herbert Mitgang

NUCLEAR disarmament and human rights are linked in "Day of Two Suns," a cri de coeur intended to raise the reader's consciousness about the plight of the island people living near the U.S. missile testing area in the Pacific Ocean.

An even larger aim of this impassioned book is to stop nuclear testing altogether by shutting down the Kwajalein Missile Range (a non-nuclear test site) and thereby help to reduce the momentum of the nuclear arms race.

Considering the easing of the Cold War, the great hopes for change in Eastern Europe and accelerating discussions about disarmament, the notions expressed in "Day of Two Suns" for making these Pacific islands more pacific do not seem too far-fetched.

The sail-in protests against military installations in the Marshall Islands are described here — often in the voices of the islanders trying to return to their endangered homes — by Jane Dibbin, a writer for the New Statesman in London and former deputy editor of the Journal of European Nuclear Disarmament.

Her book centers on the inhabitants of two atolls — Rongelap, evacuated because of radiation from postwar nuclear tests, and Majuro, where most of the people now live and dream of returning to Rongelap when it is considered safe from radiation and missile testing.

The United States conducted nuclear tests after World War II on Eniwetok and Bikini atolls. There have been no nuclear explosions above ground since 1963, but radioactivity remains and almost immeasurable damage has been done to the health of the islanders.

An agreement provides for settlement of all claims arising out of the nuclear tests on both atolls. Although the Marshall Islands is now a sovereign republic rather than a trusteeship, a subsidiary agreement allows the United States continued use of Kwajalein Missile Range.

Intercontinental ballistic missiles are launched from Vandenberg Air Force Base in California — without nuclear weapons — and splash down in the forbidden Kwajalein test area.

Dibbin writes that a review of Department of Energy data revealed that people still living on Rongelap had depressed white blood cell counts and high levels of plutonium in their urine.

The Energy Department field report said it was safe for adults but not children to return to the southern islands of the atoll; the northern islands were too "hot" and food could not be harvested there. "Amazed at the idea that they should return without their children,"

the author notes, "the people of Rongelap stayed on Majuro."

Although the tone of "Day of Two Suns" is hortatory and some of its language is shrill — "four extra islands have now been turned into pin cushions for incoming missiles for the expanded 'Star Wars' program" — the basic facts in the book check out against recent scientific reports.

As a writer and interviewer, Dibbin's lapses into self-righteousness do not always help her cause. Nevertheless, when "Day of Two Suns" allows the people of Micronesia to speak for themselves, the reader feels in the presence of thoughtful individuals.

Herbert Mitgang is on the staff of The New York Times.

BEST SELLERS

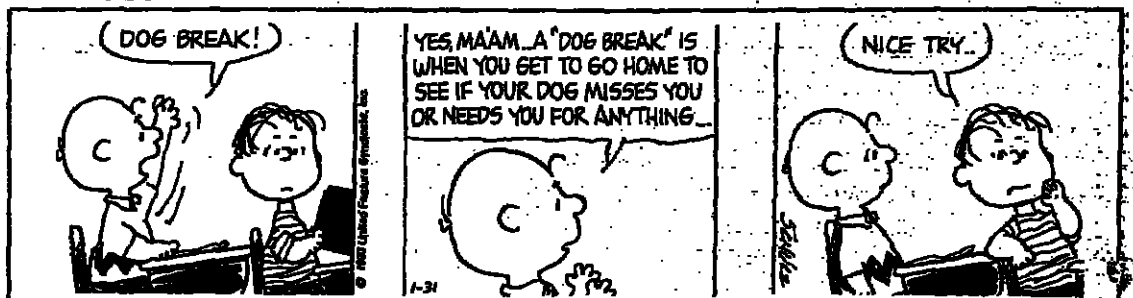
The New York Times			NONFICTION			
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.						
Week	FICTION	Last Week	Rank	NONFICTION	Last Week	
1	DADDY, by Danielle Steel	1	11	1	LIAR'S POKER, by Michael Lewis	2
2	CARIBBEAN, by James A. Michener	3	11	2	IT WAS ON FIRE WHEN I LAY DOWN ON IT, by Robert Polhemus	1
3	THE DARK HALF, by Stephen King	4	13	3	ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN, by Robert Polhemus	3
4	HARMFUL INTENT, by Robin Cook	7	3	4	THE TEMPTING OF AMERICA, by Robert H. Bark	6
5	BEAR AND PRESENT DANGER, by Tom Clancy	2	22	5	MEGATRENDS 2000, by John Naisbitt and Patricia Aburdene	7
6	VENUE, by Thomas Pynchon	2	22	6	A BRIEF HISTORY OF TIME, by Stephen W. Hawking	5
7	THE BAD PLACE, by Debra R. Koeze	2	22	7	MY TURN, by Nancy Reagan with William Novak	6
8	FOUCAULT'S PENDULUM, by Umberto Eco	6	15	8	BARBARIANS AT THE GATE, by Bryan Burroughs and John Hersey	13
9	A RULING PASSION, by Judith Michaels	8	2	9	AMONG SCHOOLCHILDREN, by Tracy Kidder	9
10	TALES FROM MARGARITAVILLE, by Jimmy Buffet	9	15	10	ROSEANNE, by Roseanne Barr	7
11	COLD HARBOUR, by Jack Higgins	15	2	11	EDUCATION OF A WANDERING MAN, by Louis L'Amour	11
12	DEVICES AND DESIRES, by P.D. James	1	2	12	ALL MY BEST FRIENDS, by George Plimton and David Shields	10
13	MYSTERY, by Peter Strub	10	2	13	WONDERFUL LIFE, by Stephen Jay Gould	8
14	STRAIGHT, by Dick Francis	11	10	14	THE EMPEROR'S NEW MIND, by Robert Pennock	12
15	SPY LINE, by Len Deighton	12	4	15	DRIVE, by Larry Bird with Bob Ryan	10

ADVICE, HOW-TO AND MISCELLANEOUS

1	WEALTH WITHOUT RISK, by Charles J. Givens	1	50
2	THE GREAT WALDO SEARCH, by Martin Handford	2	7
3	HOW TO GET THINGS DONE, by David McReynolds	3	29
4	THE WAY TO COOK, by Julia Child	4	10
5	THE FRUGAL GOURMET COOKS THREE ANCIENT CUISINES, by Jeff Smith	5	14

SAFIRE
IN THE HIT EVERY MONDAY —
IN DEFENSE OF THE ENGLISH
LANGUAGE AND ITS PROPER USAGE

PEANUTS



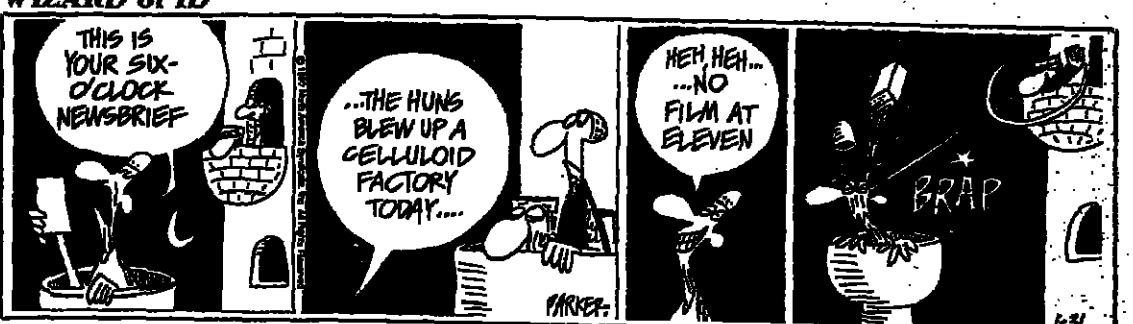
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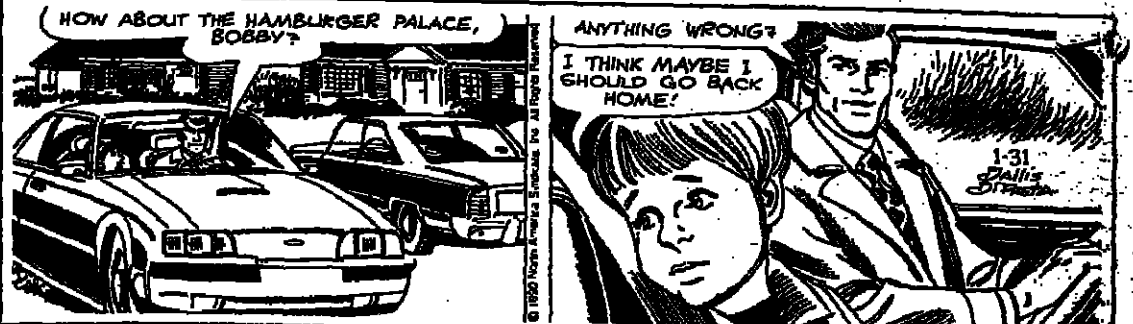
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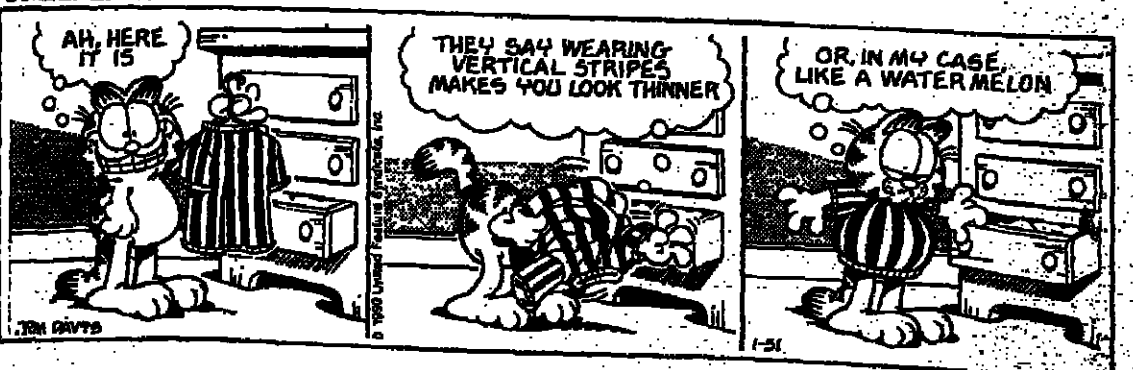
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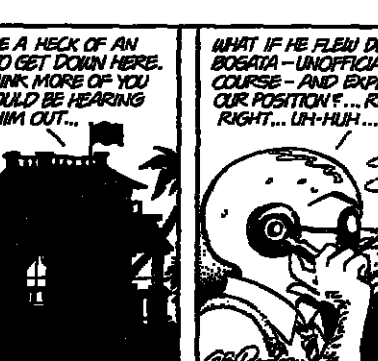
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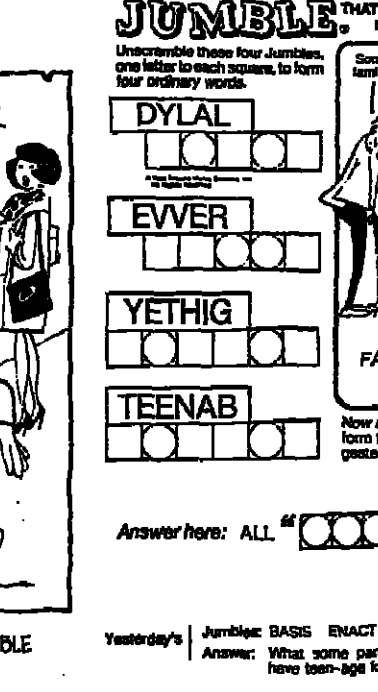
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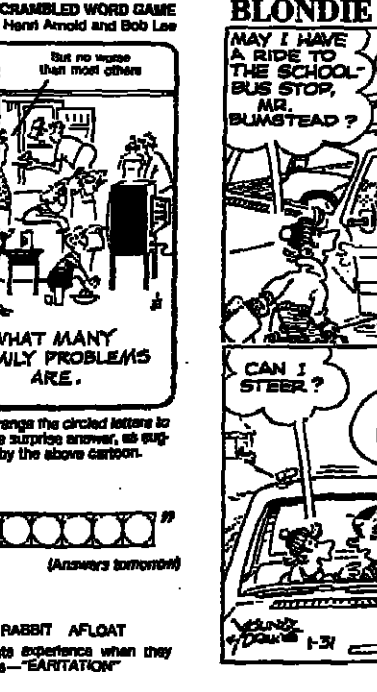
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JUMBLE



BLONDIE



Yesterday's Jumble: BASIS EXACT RABBIT AFOAT
Answer: What some parents experience when they have teen-age kids — "BARTATION"

SPORTS

The Ucler Stardom Wrought

International Herald Tribune

LONDON — Is hero worship now as disposable as a plastic wrapper in our throw-away society? It always did come and go so fleetingly we could forgive players who grasped rewards lest they never come within reach again. The least the performer expects is to be judged on his last game.

In Paul Caligiuri's case that ain't necessarily so. He's the midfielder whose spectacular goal two



Paul Caligiuri: Hoping to save the dream.

months ago against Trinidad and Tobago put the United States into its first World Cup finals in 40 years.

Today, Caligiuri, the only American scorer in three international matches, fears he may be hounded out of the team.

His shot guarantees the pious U.S. Soccer Federation a minimum of \$2.5 million from the World Cup pool. The goal offers credibility towards the 1994 World Cup which, for reasons connected to the corporate dollar, is destined for America.

Caligiuri hasn't begun counting chickens, never mind dollars. He is rising to go, but sweating on his chances of being chosen for the first U.S. warm-up match, against Costa Rica in Miami on Friday.

Caligiuri has been depicted as a strutting, boastful young man, overfull of his minor achievements last year with a West German Second Division club, SV Meppen.

I cannot gainsay that. However, having heard his outpourings for half an hour by trans-Atlantic telephone a couple of days ago, I'd describe him as a hurt, perplexed, potentially lost soul.

He is yesterday's shooting star, sick with worry. If the U.S. federation values him, and if its aim has been to bring him down to earth in a team pursuit, then enough is enough.

The federation, accustomed to dealing with college boys, ought to be worldly enough to know that players come in all shapes and sizes and not necessarily given to subservience.

Caligiuri is dependent on soccer but has no contract, no promise of a place in the team, no security.

He survives on \$40 for each day he spends in U.S. training camp. This situation began late in December when he expected the federation to renew the six-month option on his contract.

His intention was to throw in his lot with the U.S. team, to reach the finals, play at the top of his form, and hope the Germans or some other Europeans would come running to make him rich and famous.

Anything wrong or unpatriotic about that? Now hold on buddy, the U.S. federation calls the shots around here.

The federation did not take up the option. It demanded Caligiuri sign the deal offered to 16 home-based players — a one-year contract with an option for a second 12 months.

To Caligiuri this deal, worth up to \$40,000 per year per player, removed his flexibility to be a free agent after the World Cup.

He asked to discuss that and such matters as the lack of medical disability insurance in the contract. He wasn't alone. Other players hired a top lawyer to represent them; the federation did not return his calls.

Ten of the 16 stood to lose private arrangements with Puma because the federation deals only with Adidas. Goalkeeper David Vanole was told he could no longer wear Keusch gloves.

After summaries of strike gloves, 13 players capitulated and signed by Jan. 15 deadline. Vanole did not, missed training camp, and was axed.

"That scares me," admits Caligiuri. "It shows they can take my dream away from me." He claims he woke up on Jan. 15 to a statement: "You obviously prefer to play under a per diem wage" — the \$40 a day during camp.

Coach Bob Gansler told Caligiuri the contractual situation was a distraction to the team and Caligiuri must solve it "or we don't need you."

Meanwhile, the federation discusses endorsements with sponsors who may not be wild about excluding the historic goalscorer. Caligiuri has private offers he dare not say, except.

For the federation, Sunil Gulati, a Columbia University professor who acts voluntarily as chairman of the International Games Committee, tells me:

"The contracts are not directly related to who plays for the team. They are purely a financial arrangement giving the players enough to live on and more because most have no income."

"It was made explicitly clear to Mr. Caligiuri that he doesn't have to sign to play for the U.S. team. The only things that can keep him out are if he refuses or if the coach doesn't select him."

Gulati, a knowledgeable soccer fan, says the federation encourages players to improve themselves in Europe. Three potential World Cup players are the naturalized El Salvadoran, Hugo Perez (in Paris), Peter Vernes (Volendam in Holland) and Steve Pittman, a young defender in England's third division.

Pittman popped up out of the blue when a coach pointed out his birthplace was North Carolina. He moved to Scotland at age three. The United States is happy to have him at training camp.

Flying the other way, Tony Meola, the impressive 20-year-old U.S. goal keeper, has a trial with the English first division club, Sheffield.

If Meola or anyone else gets an offer, the U.S. federation says it will pass on most of the fee (maybe even 90 percent) to the player.

With such generosity, unknown in world transfer markets, maybe it's a mite churlish for players to point out no such promise is covered in writing.

The federation sees Caligiuri as "a player who happened to score an incredibly important goal, but has to be treated exactly same as other players."

Insiders say Caligiuri is not coach Gansler's type of performer. He did himself no favors pointing out that his goal in Trinidad disobeyed team orders to play safe, keep possession, and not risk such a long shot.

"I believe in me," says Caligiuri. "I'd play for my country for free. I've gotten over a health problem I had after Jan. 15 when I woke in camp at 2 A.M. with stomach cramps diagnosed as preliminary ulcers. That's how much this thing affected me."

Given the chance, he intends to take out his frustration in a sporting way against Costa Rica on Friday.

Meanwhile, what of Paul Wegerle, the £1 million forward in English soccer who has applied to play for the U.S.?

"It's fingers crossed," says Gulati. "Paul keeps phoning and hoping. He has his green card, what we're waiting for is his citizenship papers."

Congress is asked to do for Wegerle what the British did for Zola Budd. Wegerle, like Budd, is South African; the difference is that Wegerle married an American, has played in Florida and swears he will settle in Florida once his playing prime is over.

Rob Hughes is on the staff of the Sunday Times

Western Sports Ventures Probing for a Soviet Niche

The Associated Press

NEW YORK — Most of the 100,000 golf balls that the Spalding company gave last year to the first Soviet golf club have disappeared, apparently taken as souvenirs. But to Spalding, it was an investment.

"We want Soviet kids to grow up with Spalding equipment," Scott Creelman, vice president of the U.S. sporting goods manufacturer, said.

Maybe next time, Soviet kids will pay for the balls.

From equipment to sporting events, Western companies have been trying to break into the vaulted Soviet sports establishment and introduce new sports to Soviet athletes once touted as proof of the superiority of Communism.

Soviets have welcomed and even solicited the ventures. But Westerners have found that Soviet officials are drawing the line at government control, preserving one of Communism's best success stories while trying to win capitalist investors.

"The Soviets are very clever," Phil de Picciotto of the U.S.-based company Advantage International said. "Essentially, they are trying to get foreign currency and know-how in exchange for facilities for sports events."

Spalding, which is also based in the United States, has donated golf equipment to the new Soviet golf course and school. It has also purchased a Swedish distribution company through which it hopes to sell

basketballs in the Soviet Union in the coming year.

"We'd like to do what Pepsi did 10-20 years ago," Creelman said, referring to the inroads into the Soviet market made by the U.S. soft drink company.

Proser, a large sports management firm based in Washington, has negotiated a tennis clothing contract between Nike and the official Soviet tennis federation. Now Proser is talking to state-run Soviet factories and Western companies about a joint venture to make tennis rackets.

"There's a good chance it'll work, but everything in that country demands time," Philippe Pimpaneau of Proser's Paris office said.

The West German-based Adidas has found a comfortable niche in production of athletic shoes in Moscow and Kiev.

The International Management Group, based in Cleveland, is trying to organize another tennis tournament in Moscow this year after having mixed success with previous events. IMG is also considering building multimillion-dollar recreational sports complexes in Moscow and in the Baltic republic of Latvia.

Several firms also have signed contracts to represent Soviet athletes competing abroad, but their biggest challenges lie within Soviet borders because of restrictive laws, bureaucracy and inconvertibility of the ruble.

Anatoly Kovalov, chairman of the Moscow Sports Committee and a member of the Soviet Olympic committee, flatly discounted the possibility of Western-style sports businesses developing in the Soviet Union.

Kovalov was in New York recently to introduce a group of novice Soviet golfers. When asked about changes in Soviet sports, he answered: "Everything is possible

figure skating, weight lifting, basketball, cross-country skiing and women's track — Soviet athletes regularly are among the top competitors in the world. Soviets have led the tally of medal winners at virtually every Olympic Games since 1956.

Soviets also have excelled in professional sports. The national soccer team is among the favorites at the 1990 World Cup, and basket-

ball and hockey stars have become hot commodities for Western professional teams.

Tennis players Andre Chesnokov and Natalia Zvereva are among the top-ranked pros in the world.

Soviet athletes are products of the State Sports Committee, a government department with branches nationwide that oversees all aspects of sports, from selecting and training athletes to making their equip-

ment. Each sport also has its own federation that governs and sanctions events.

Kovalov said officials are decentralizing the committee and "giving more freedom to different federations of each sport to put their own teams together."

But the federations have little knowledge of sports promotion, management and manufacturing. "The federations are now going through a learning process," said John Chambers, executive vice president of the New York-based Sarsa Corp., which has invested in the Soviet Union since 1953.

De Picciotto, the Advantage International executive, said the federations "realize that they don't understand the entire workings of the industry; who you have to know, fair market values, the mechanics of putting together an international event." So far his company has not signed any deals.

Soviets have been eager to enlist Western help in upgrading equipment, facilities and exposure through joint ventures and sporting events.

But there are risks. IMG was stung by the lack of Western sponsors for Moscow's first sanctioned women's tennis tournament last October. Theofanis said. But IMG's Nutrasport Challenge of Champions figure skating event was a success, prompting the company to proceed with plans for another tennis tournament in Moscow this year, tentatively billed "The Kremlin Cup."

'The Soviets are very clever. Essentially, they are trying to get foreign currency and know-how in exchange for facilities for sports events.'

Phil de Picciotto of the U.S.-based company Advantage International.

in the future. . . . But it's better when things are controlled by one central government."

Reforms have touched nearly every aspect of Soviet life, fueled by President Mikhail Gorbachev's view that heavy-handed government control is responsible for economic failures, shortages and low-quality goods.

But government-run sports have been a different story. In most Olympic sports — notably gymnastics, wrestling, hockey,

ball and hockey stars have become hot commodities for Western professional teams. Tennis players Andre Chesnokov and Natalia Zvereva are among the top-ranked pros in the world.

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Each sport also has its own fed-

SIDELINES

Formula One Rejects McLaren Team

PARIS (Reuters) — McLaren's participation in the Formula One world championship this season has been blocked by the International Motor Sports Federation until its dispute with the British team's Brazilian driver, Ayrton Senna, is resolved.

Jean-Marie Balestre, the federation president who has demanded Senna withdraw allegations that the championship last year was rigged, has rejected McLaren's application for the 1990 season.

Applications are due Wednesday but Balestre said in a radio interview Monday that the federation "has turned down the application of McLaren's two cars until a solution has been found to the Senna case."

Mader of Austria Captures Super-G

LES MENUIRES, France (AP) — Günther Mader of Austria won the fifth World Cup ski event of his career Tuesday and his first super-giant slalom, defeating a pair of Norwegians by nearly half a second on the future Olympic course here.

The 25-year-old Austrian covered the 530-meter vertical drop course in a time of 1 minute 14.79 seconds and picked up a bit of ground on Pirmin Zurbriggen of Switzerland, who leads the overall World Cup standings with 249 points. (See Scoreboard.)

Super Bowl Gets Low TV Ratings

NEW YORK (AP) — The San Francisco 49ers' 55-10 rout of the Denver Broncos was the lowest-rated Super Bowl in 21 years and the third-lowest ever, according to U.S. ratings released Tuesday by the A.C. Nielsen Co.

The game averaged a 39.0 rating and a 63 share in the United States, the lowest Super Bowl rating since 1969, when the New York Jets' 16-7 victory over Baltimore got a 36.0 rating on NBC.

The rating represents the percentage of television sets tuned in to a program and each point represents 921,000 homes. The share is the percentage of televisions on at the time that are watching.

Strawberry Mired in Domestic Case

LOS ANGELES (AP) — Darryl Strawberry, the talented but troubled New York Met outfielder, was briefly arrested recently after being accused of threatening his wife with a pistol, the police said.

Strawberry was arrested early Friday at his home in Encino, California, and spent a short time in jail. He later posted \$12,000 bail.

According to a Los Angeles police commander, William Booth, Strawberry then returned to his wife, Lisa. "It was very basic type stuff, a family dispute," he said.

David Disco, a Los Angeles deputy district attorney, was to meet with the police about whether charges would be filed in the case. Mrs. Strawberry said her husband had slapped her and brandished a handgun.

For the Record

Mario Lemieux and Wayne Gretzky, considered the two best players in the National Hockey League, are also the league's top performers at the bank, according to a list of salaries obtained by Canadian Press. Lemieux heads the list with a base salary of \$2 million a year, plus some deferred payments from the Pittsburgh Penguins. Gretzky receives \$1.72 million from the Los Angeles Kings. (AP)

Quotable

George Siefert, coach of the San Francisco 49ers, on his team's chance of winning three straight Super Bowls: "At this moment, it is fun to talk about it. There will be a time when my throat will probably fill up. But at this moment I don't mind that kind of talk. If the players are saying it, great. If they want to do it again, it's great with me and I will be happy to be a part of it. Doggone, I feel if I can keep this team together, I think we can have a shot at it."



Syracuse Survives Slow-Motion St. Johns

The Associated Press

Seventh-ranked Syracuse beat No. 18 St. John's, 70-65, in New York on Monday night for its third straight victory.

There weren't many fast-break points against St. John's because of its slow-motion style, but the big plays were still made by the players known for fast breaks.

Billy Owens scored 22 points to

match Stephen Thompson as high scorer.

St. John's got within 61-59 with

COLLEGE BASKETBALL

4:05 to play on one of two free throws by Malik Sealy, who finished with 16 points. The Redmen could not get even, despite several opportunities.

No. 10 Louisville 105, Southern Mississippi 88. In Louisville, Ken-

tucky, Tony Kimbro scored 17 points and sparked a first-half

spurt that lifted the Cardinals (15-3). Louisville pressed Southern

Miss into a season-high 30 turnovers.

Iowa 69, No. 11 Illinois 67. Les Jepsen's layup with two seconds left gave Iowa its second victory in nine games. Marcus Liberty scored 20 points for the Illini (15-4), in Iowa City.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	Pct	GB
New York	27	15	.643	
Philadelphia	26	16	.619	1 1/2
Washington	25	17	.595	2 1/2
New Jersey	15	28	.349	14 1/2
Atlanta	12	31	.289	17 1/2

Central Division

	W	L	Pct	GB
Detroit	29	14	.674	
Chicago	28	15	.651	1
Indiana	24	19	.558	5 1/2
Atlanta	21	22	.489	8 1/2
Orlando	12	30	.286	16 1/2

WESTERN CONFERENCE

Midwest Division

	W	L	Pct	GB
Utah	29	11	.725	
San Antonio	28	12	.692	1 1/2
Denver	26	16	.619	3 1/2
Dallas	20	22	.476	9 1/2
Portland	18	24	.429	11 1/2
Oklahoma City	12	30	.286	17 1/2

Pacific Division

	W	L	Pct	GB
L.A. Lakers	31	10	.756	
Portland	30	11	.732	1 1/2
Phoenix	24	16	.600	6 1/2
Seattle	21	19	.524	9 1/2
Golden State	19	21	.476	11 1/2
L.A. Clippers	18	22	.450	12 1/2
Sacramento	12	29	.293	18 1/2

MONDAY'S RESULTS

	W	L	Pct	GB
Sacramento	22	25	.465	17 1/2
Atlanta	21	26	.443	18 1/2

	W	L	Pct	GB
Philadelphia	26	16	.619	1 1/2
Washington	25	17	.595	2 1/2

	W	L	Pct	GB
San Antonio	28	12	.692	1 1/2
Portland	28	12	.692	1 1/2

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San Antonio	28	12	.692	1 1/2
Portland	28	12	.692	1 1/2

Selected College Scores

EAST

	W	L	Pct	GB
Bucknell 74, Cornell 42				
Dartmouth 76, Navy 51				

	W	L	Pct	GB
Holy Cross 88, New Hampshire 59				
Lafayette 74, Lehigh 69				

	W	L	Pct	GB
Princeton 75, Syracuse 38				
Syracuse 76, St. John's 65				

	W	L	Pct	GB
Campbell 87, Radford 64				
Florida A&M 81, N. Carolina A&T 65				

	W	L	Pct	GB
Howard 71, Morgan 51				
Laurens 74, Furman 52				

	W	L	Pct	GB
Laurens 74, Furman 52				
Laurens 74, Furman 52				

	W	L	Pct	GB
Laurens 74, Furman 52				
Laurens 74, Furman 52				

	W	L	Pct	GB
Laurens 74, Furman 52				
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